



CONCEDO AS

Annual Report 2020

Directors' report 2020

Concedo began the year experiencing not only excitement about drilling operations, but also challenges and uncertainties. On the agenda were the drilling of a well in PL882, capital allocation decisions and the pandemic disease that was spreading around the world. It would have been difficult to believe that, by the year end and despite the challenges, we could happily say this was one of Concedo's best years.

Important issues were enabling safe drilling operations and handling the sanitary situation caused by the coronavirus. A flexible working environment was practised, with staff alternating between working from home and in the office as instructed by the authorities.

Together with its partners, Concedo reviewed the readiness of the Dugong well operations in PL 882 in order to comply with its see-to-it duty according to the Petroleum Regulations. This review particularly addressed the challenges related to the pandemic. Concedo and its partners monitored the situation closely throughout the planning and operation stages. The operator implemented the relevant recommendations from the Norwegian Oil and Gas Association (NOROG) and authorities. At completion, no COVID-19 cases had affected the work and the operations had been efficient, without any serious incidents and below budget.

Because of the coronavirus outbreak, the oil market was characterized by a sharp fall in prices and great unrest in 2020. This led to investments stalling and many planned developments being put on hold. In response to this, the Government offered the petroleum industry a tax relief package involving tax deficit refunds, uplift and investments. In particular, investments incurred from 2022 through to first oil on projects are to be expensed based on special tax if they are made in line with a Plan for Development and Operation (PDO) submitted by the end of 2022 and approved not later than the end of 2023.

The tax relief package was intended to limit the decline in investment on the Norwegian Continental Shelf (NCS), increase employment and significantly increase the tax payable to the Norwegian state in the years to come without increasing the risk of oil price exposure and approval of non-profitable projects. The new tax regime would certainly increase the number of projects to be matured towards approval by the PDO deadline, many of them as tie-back projects.

Concedo thoroughly evaluated the tax deficit refunds part of the relief package to discover if it was beneficial to the company, but decided to stay in the present exploration tax regime in combination with the established Exploration Finance Facility. The new package provided no major advantages to Concedo as the company had no oil and gas production income.

The drilling was successful; Concedo participated as a 20% partner in the Dugong/Sjøpølse discovery in PL 882 in the Northern North Sea. The resource estimate announced was 40-120 million boe. In addition, a potential upside in another prospect in the licence, the Tail prospect, became more likely as a result of the Dugong discovery. The data from the discovery was analysed and studied and led to a decision to drill an appraisal well and an additional exploration well in the Tail prospect during 2021.

Further, the operator started planning a possible PDO for the Dugong discovery and to submit it within the period covered by the Government tax relief package in 2022, with production start-up in 2025. If successful, this may represent considerable value creation for Concedo.

In 2021, Concedo will participate in at least two wells in PL 882 with possible side-tracks and one well in PL 901 in the Barents Sea. In addition, field development studies and front-end engineering

development (FEED) projects related to the preparation of the PDO will be undertaken in 2021 and 2022.

The board and management prepared economic scenarios for the company in order to identify optimal funding to cover these investments. The alternatives were to increase the company's equity or divest assets. Concedo agreed to sell a 10% licence interest of its 30% interest in return for carry of the well costs in PL 882 effective from 01.01.2020. Further, the company signed an agreement with Neptune Energy Norge AS, which acquired 5% licence interest of Concedo's 20% interest in PL 882 effective from 01.01.2021. Concedo has reinforced its organisation by employing a new commercial manager, Arild Andresen, from the beginning of 2021. He will provide strength and focus to the company's finance and commercial activities.

The company continued its active participation in 14 licences. Further, in preparation for applications in the APA 2020 licensing round, Concedo evaluated areas across the NCS. We have leveraged the knowledge, expertise and data gained from existing and previous licences where Concedo is or has been a partner. The applications are based on knowledge from these areas as well as studies and technologies, such as EM, seismic modelling and analysis of 4D seismic data.

Objectives and strategy

Concedo's ambition is to have one of the best exploration teams on the NCS, capitalising 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 dividend and pay-back of paid-in capital. The company has so far not raised more equity, as it has been able to monetize assets.

Financing

A MNOK 350 exploration facility with Sparebank 1 SR Bank was established in 2019. At the end of 2020, the agreement was extended for another two years.

Business office

Concedo has a five-year lease on its existing offices in Asker, up to the end of 2021, and this can be renewed for a further five years.

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 prospect - and in 2009 oil was found in what is now known as the Hyme field, both in licence PL 348. Concedo's interest in this licence was sold to Statoil in 2010. In 2010, the Maria discovery, just south of the Smørbukk South field, was proven to be oil-bearing. Concedo sold the Maria discovery to the operator Wintershall in 2011. The Novus discovery was made in early 2014, but was declared non-commercial. The Kallåsen discovery (well 35/12-6S) and Grosbeak appraisal drilled in the adjacent licence took place in 2018. Concedo divested PL 925 (part of the Grosbeak discovery) in 2019. The Goddo discovery was made in 2019.

At the AGM in 2020, Concedo decided to convert from a public limited company (ASA) to a private limited company (AS). Following many years with no changes to the board composition, three directors resigned at the 2020 AGM and they were replaced by three new ones.

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 tested out many new exploration technologies and chosen the ones most suitable for the different exploration areas.

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

Health, safety and the environment

The company ensures that all its activities are carried out without causing harm to humans 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 2020.

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

The working environment is considered good and we make continuous efforts to improve it further. In 2020, the pandemic was handled satisfactorily in accordance with the guidelines issued by the Norwegian Oil and Gas Association and authorities. It has not affected Concedo's exploration work. The sick leave in 2020 was 45 days or 1.5% of the total working hours.

Gender equality

At the end of 2020, 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, minimise 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 carry out our business operations. Corporate Social Responsibility (CSR) is part of the company's management system. The company has reviewed its management system with respect to the EU General Data Protection Regulation (GDPR) and CSR.

Corporate governance

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

The Board of Directors held 12 meetings in 2020. Key strategic and operational issues that were discussed include:

- A review of the impact of the oil price, pandemic and political situation, both domestic and international, on the oil industry.
- An evaluation of the capital situation and capital requirements in the near future.
- An assessment of investment and divestment opportunities.

- The Board's composition and the conversion from a public limited company (ASA) to a private limited company (AS).
- Communication with major shareholders.
- A review of the Government's tax relief package.
- Liquidity risks.
- Close monitoring of the company's operational and financial performance, including quality, health, safety and the environment. Lessons-learned discussions after the completion of important activities, such as the drilling of the wells in PL822 and awards in licensing rounds.
- Strategic balancing of the portfolio of exploration licences and assessment of licence applications in APA 2020.
- Supervision of risk management processes and internal control reporting.
- A review and updating of remuneration models for the management and employees.

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 2020

Financial statements are prepared in accordance with the Private Limited Companies Act, Accounting Act and generally accepted accounting principles in Norway. To the best of the Directors' knowledge, there are no circumstances of significance for assessing the company's position as of 31 December 2020 or the result for 2020 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 2020 and of the result and cash flows for the fiscal year.

Revenues and profits

Concedo made an operating loss of NOK 90.8 million in 2020. The year's loss after tax was NOK 23.6 million. The result includes sale of licences. The exploration costs consist of the company's operating expenses and the costs of licences. Costs related to preparations for drilling exploration wells are recognised in the balance sheet. The capitalised cost related to drilling depends on whether or not commercial resources are discovered. The exploration costs connected to the well in PL 822 have been capitalised.

Balance sheet and liquidity

At year-end 2020, the company's book equity amounted to NOK 91.2 million, equal to an equity ratio of 27.9%. As at 31 December 2020, the company had interest-bearing debt of NOK 132.8 million to the Exploration Finance facility. At the same date the company had cash and equivalents of NOK 49.3 million and a tax refund claim equal to the tax value of exploration costs of NOK 119.4 million.

Cash flow

The net cash flow from operating activities in 2020 was NOK 49.6 million. This includes a tax refund of NOK 137.5 million. The net cash flow spent on investment activities was NOK 61.8 million, while net cash flow from financing activities was NOK 6.3 million.

Distribution of profit

No dividend was paid in 2020.

Payments/refund of tax and payments to governments

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

Operational, financial and market risks

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

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

Credit risks

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

Political risks

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

In recent years, we have experienced growing scepticism to the oil industry among politicians, especially related to new acreage and the exploration tax regime. There is therefore a risk that the regulatory scheme for the oil industry may change, although the current government is clear that it will not make changes. Concedo has considered ways to mitigate the risk of potential changes in the exploration refund system.

Liquidity risks

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

Currency risks

Some of the exploration costs are in USD. The Board has evaluated the situation related to USD versus NOK and decided not to hedge the currencies. Large parts of the company's costs are in NOK. Revenues from the sale of discoveries are often oil-linked, with an indirect USD exposure.

Risk of a low oil price

A short-term low oil price has some positive effects for Concedo, as exploration costs tend to be significantly reduced, e.g. lower rig rates. However, the low oil price has reduced the price obtained for new discoveries.

In the longer term, a higher oil price is desirable, as this will increase the value of the oil and gas discovered.

Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accounting Act, we confirm that the requirements for a going concern have been satisfied. The required equity in 2020 was resolved by divesting 10% of PL882 by a carry

arrangement of the Dugong well. The company has further divested 5% in the Dugong discovery, effective from January 2021, through a combination of cash compensation and carry. Following these transactions, it is management's assessment that the Company has sufficient funds to support the operation till the end of 2021. Management will consider the capital situation again at the end of the year in connection with the future drilling program. The Covid-19 pandemic has not had any negative impact on the company's operation.

Future prospects

Important factors for maintaining the exploration activity on the NCS are good availability of acreage, access to infrastructure and data coverage. In the recent oil downturn, substantial cost cuts have also contributed to the drilling of many exploration wells. Significant exploration success in the future depends on a combination of improved knowledge, the use of new seismic technologies and the application of advanced digital analytics. Concedo has implemented and targeted these areas for its future exploration success.

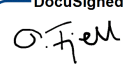
New discoveries provide the basis for continued activity, create big spin-offs for the rest of society, and will be extremely important for future value creation. Concedo works hard to support technological progress. Digitalisation provides better data and tools which contribute to increased geological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

The Dugong and Goddo discoveries and potential Tail and Rødhette discoveries may give Concedo substantial recoverable resources. We believe these assets can be sold at attractive prices, adding to Concedo's financial strength and allowing a potential dividend to shareholders. Discovered resources may also be considered for swaps into assets with an offshore cash flow.

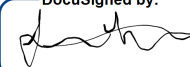
Concedo's exploration portfolio normally contains 12-20 licences due to annual licensing round awards and drop decisions. New opportunities appear continuously. The company will continue to pursue converting its licence portfolio prospects into drilling decisions.

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

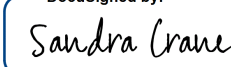
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Olav Fjell, Chairman

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Jonas U Rydell, Director

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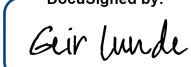
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Erik Sverre Jenssen,
 Director

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Nirav Dagi, Director

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Geir Lunde, CEO

Concedo ASA

Profit and loss account 2020

Figures are given in the Norwegian currency NOK	Note	2020	2019
Sales revenue		-	180 500
Other operating revenues	6	-	40 937 614
Total operating revenues		0	41 118 114
Depreciation on fixed and intangible assets	3	-254 483	-202 204
Exploration expenses	2,10,14,15	-90 518 696	-92 974 532
Total operating expenses		-90 773 179	-93 176 736
Operating profit/loss		-90 773 179	-52 058 623
Other interest received		2 135 387	1 612 093
Other financial income		4 071 730	1 526 556
Total financial income		6 207 117	3 138 649
Other interest paid		-6 011 678	-8 252 979
Other financial expenses		-4 892 727	-1 416 621
Total financial expenses		-10 904 405	-9 669 600
Net financial items		-4 697 289	-6 530 951
Pre-tax profit/loss on ordinary activities		-95 470 467	-58 589 574
Tax cost on profit on ordinary activities	7	71 836 983	69 819 087
Ordinary profit/loss		-23 633 484	11 229 514
Income/loss for the year		-23 633 484	11 229 514
Allocations			
Other reserves	5	-23 633 484	11 229 514
Total		-23 633 484	11 229 514

Concedo ASA

Balance Sheet as of 31 December 2020

Figures are given in the Norwegian currency NOK

ASSETS	Note	2020	2019
Fixed assets			
Intangible assets			
Deferred tax assets	7	0	0
Capitalised exploration expenses and licences	3,16,17,18	152 713 131	91 261 296
Total intangible assets		152 713 131	91 261 296
Tangible fixed assets			
Furniture, fixtures & machinery	3	376 832	594 982
Total tangible fixed assets		376 832	594 982
Total fixed assets		153 089 964	91 856 278
Current assets			
Receivables			
Trade debtors		0	389 011
Other receivables	9	143 997 170	159 105 991
Total receivables		143 997 170	159 495 002
Bank deposits, cash-in-hand etc.	8	49 321 058	55 244 649
Total bank deposits, cash-in-hand etc.		49 321 058	55 244 649
Total current assets		193 318 227	214 739 651
Total assets		346 408 191	306 595 929

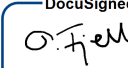
Concedo ASA

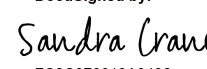
Balance Sheet as of 31 December 2020

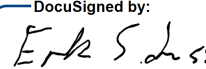
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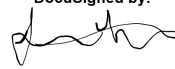
SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2020	2019
EQUITY			
Paid-in capital			
Share capital	4,5	2 430 066	2 430 066
Treasury shares	5	-158 379	-158 379
Share premium	5	4 567 126	4 567 126
Other paid in capital	5	4 377 118	3 152 055
Total paid-in capital		11 215 931	9 990 868
Retained earnings			
Other reserves	5	79 969 891	103 603 375
Total retained earnings		79 969 891	103 603 375
Total Equity		91 185 822	113 594 243
Long-term liabilities			
Provisions for liabilities and charges			
Deferred tax	7	92 354 504	44 770 364
Total provisions for liabilities and charges		92 354 504	44 770 364
Total long-term liabilities		92 354 504	44 770 364
Current liabilities			
Owed to credit institutions	11,13	132 825 554	127 573 982
Trade creditors		2 371 676	5 018 938
Unpaid government charges etc.		2 146 471	1 970 405
Other current liabilities	12	25 524 165	13 667 997
Total current liabilities		162 867 865	148 231 322
Total liabilities		255 222 369	193 001 686
Total Equity and Liabilities		346 408 191	306 595 929


Asker, 9 March 2021

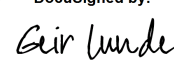
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 Olav Fjell
 Chairman of the Board

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 Sandra Dee Crane
 Director

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 Erik Sverre Jenssen
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 Jonas Ulrik Rydell
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 Nirav Dagli
 Director

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 Geir Lunde
 CEO

Concedo ASA

Cash Flow Statement

OPERATING ACTIVITIES	Note	2020	2019
Pre-tax result		-95 470 467	-58 589 574
Adjustments for reconciling current year's result with cash flow from operating activities:			
Gain from sale of licence interests		-	-40 937 614
Depreciation, amortisation and write-downs	3	254 483	202 204
Capitalised exploration costs expensed		301 670	-
Other items having no cash effect – subscription rights		202 006	426 007
Tax reimbursement received in period	7	137 539 516	99 816 705
Change in working capital (except for cash and cash equivalents):			
(Increase) reduction in trade debtors and other receivables		-2 620 560	-19 625 798
Increase (reduction) in trade creditors and other current debts		9 384 971	11 021 581
Cash flow from operating activities		49 591 619	-7 686 488
INVESTMENT ACTIVITIES			
Investments in fixed assets	3	-36 333	-470 283
Capitalised exploration expenses	3	-61 753 506	-89 027 222
Sale of assets		-	44 322 854
Cash flow spent on investment activities		-61 789 839	-45 174 651
FINANCING ACTIVITIES			
Share issue	5	1 023 057	-
New interest-bearing short-term debt	11	103 200 000	121 595 504
Repayments short-term debt	11	-97 948 428	-91 348 202
Cash flow spent on financing activities		6 274 629	30 247 302
Net increase (reduction) in cash and cash equivalents		-5 923 591	-22 613 836
Cash and cash equivalents at beginning of year		55 244 649	77 858 485
Cash and cash equivalents at end of year		49 321 058	55 244 649

Concedo ASA**Note 1 Accounting Principles**

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

Main principles for valuing and classifying assets and liabilities

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

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

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

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

Interests in oil and gas licenses

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

Accounting for exploration costs

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

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

Receivables

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

Bank deposits, cash in hand, etc.

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

Revenue

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

Expenses

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

Leasing agreements

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

Pensions

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

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

Share-based remuneration

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

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

Taxes

Tax expenses are matched with book income before tax.

Tax expenses consist of payable tax (tax on the year's direct taxable income), change in net deferred tax and anticipated reimbursements related to exploration costs.

Deferred tax and deferred tax benefits in the same tax regime are presented net in the balance sheet. Deferred tax benefit is recognised in the balance sheet provided that the future use is rendered probable.

Cash flow analysis

The cash flow analysis is prepared using the indirect method.

Note 2 Payroll costs, number of employees, benefits etc.

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

Payroll costs	2020	2019
Salaries	20 840 770	19 024 921
Employers payroll tax	3 104 576	2 979 035
Pension costs	1 764 204	1 629 294
Share-based remuneration	202 006	426 007
Other benefits	98 444	199 931
Total	26 010 000	24 259 189
Number of man-years employed during the financial year	14	14

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

Concedo ASA 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)	1 705 591	100 764	283 881
Olav Fjell (Chairman)			150 000
Erik Klausen (Director and HSE Manager) - from 01.01.2020 to 10.06.2020	1 632 411	88 776	25 646
Hege Wullum (Director) - from 01.01.2020 to 10.06.2020			50 000
Karen Sund (Director) - from 01.01.2020 to 10.06.2020			50 000
Nirav Dagli (Director)			100 000
Jonas U Rydell (Director) - from 10.06.2020 to 31.12.2020			50 000
Sandra D Crane (Director) - from 10.06.2020 to 31.12.2020			50 000
Erik Sverre Jensen (Director) - from 10.06.2020 to 31.12.2020			50 000

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

Guidelines and adherence to the guidelines in 2020

In 2020, the company's remuneration policy has been in accordance with the guidelines described in the Annual Report for 2019.

Guidelines for 2021

The Board has established guidelines for 2021 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 2021.

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 2021.

Share-based remuneration

The employee incentive system was terminated in 2019 and no subscription rights granted for 2020, nor proposed for 2021.

In 2020 NOK 202 006 was expensed in the profit and loss statement related to vested subscription rights in this period. At December 31 2020, the estimated amount of share-based remuneration cost yet to be expensed throughout the vesting period is NOK 0.

The fair value of the subscription rights awarded and outstanding as of 31.12.2020, calculated according to Black & Scholes option pricing model, was NOK 647 377.

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

Number of subscription rights	2020	2019
Outstanding as of 1 January	337 764	1 067 077
Awarded during year	0	0
Forfeited during year		0
Cancelled during the year		-650 322
Exercised during year	-54 122	0
Expired during year	-56 621	-78 991
Outstanding as of 31 December	227 021	337 764

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

Auditor

Remuneration for Deloitte AS is as follows (excl. VAT):	2020	2019
Statutory audit	193 100	200 000
Audit-related services	15 000	0
Certification services	0	0

Note 3 Tangible/ Intangible assets

	Furniture & Fixtures	Plant & Machinery	License interests, exploration wells	Total
Cost at 1 January	4 370 552	77 725	91 261 296	95 709 572
Additions	36 333	-	61 753 506	61 789 839
Expensed dry wells, previously capitalised			-301 670	-301 670
Disposals			-	-
Cost 31 December	4 406 885	77 725	152 713 131	157 197 741
Acc. depreciation at 1 January	3 775 570	77 725		3 853 295
Current year's depreciation	254 483	-		254 483
Acc. Depreciation 31 December	4 030 052	77 725		4 107 777
Book value as of 31 December	376 832	-	152 713 131	153 089 964

Note 4 Share capital and shareholders

As of 31.12.20, the company's share capital consisted of one class of shares, all of which bear the same voting rights. Acquisition of shares by purchase or as a gift or by any other means requires board approval.

	Number of shares	Nominal value	Book value
Shares	11 718 893	0.2073631	2 430 066
Total	11 718 893		2 430 066

Subscription rights

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

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

Name	Number of rights	Subscription price (NOK)	Total Price (NOK)	Allocation date
Employees and Directors	110 743	16	1 771 888	15th December 2016
Employees and Directors	116 278	13	1 511 614	19th December 2017
Total	227 021		3 283 502	

The above figures include 19 393 subscription rights allocated to Geir Lunde, 18 561 to Erik Klausen and 4 746 to Olav Fjell,

Ownership structure

The ten largest shareholders as of 31.12.2020

Name	Quantity of shares	Percentage interest	Home country
H. M. STRUCTURES LIM	3 220 682	29,3 %	CYP
EUROCLEAR BANK S.A./	2 580 000	23,4 %	BEL
MEGABAS AS	2 176 449	19,8 %	NOR
BANK JULIUS BÄR & CO. AG	570 000	5,2 %	CHE
HEATHLANDS HOLDINGS	503 967	4,6 %	CYP
KNUTSEN JOHN ERIC TA	250 000	2,3 %	GBR
KOCHAR KHANNA	170 000	1,5 %	GBR
FJELLVIT AS	154 529	1,4 %	NOR
GILBO INVEST AS	120 924	1,1 %	NOR
Cremonesi Tomaso	115 000	1,0 %	ESP
Other Shareholders	1 147 687	10,4 %	Miscellaneous
Total	11 009 238	100 %	

Concedo holds, in addition to the table above, 763 777 (treasury shares) own shares in the company. The table above includes 54 122 shares, related to subscription rights exercised in 2020, but not registered until 2021.

Shares owned by Directors and CEO:

Name	Position	Number of shares
Olav Fjell through 100% in Fjellvit AS	Board Chairman	154 529
Olav Fjell	Board Chairman	2 342
Geir Lunde through 22,4% in Megabas AS	CEO	487 525
Geir Lunde	CEO	31 574
Nirav Dagli	Director	12 000
Sandra D Crane	Director	6 000

Note 5 Equity

	Share capital	Treasury shares	Share Premium	Other paid in capital	Other	Total
Equity at 1 January	2 430 066	-158 379	4 567 126	3 152 055	103 603 375	113 594 243
Subscription rights				202 006		202 006
Non-registered capital increase				1 023 057		1 023 057
Current year's profit/(loss)					-23 633 484	-23 633 484
Equity at 31 December	2 430 066	-158 379	4 567 126	4 377 118	79 969 891	91 185 822

The value of subscription rights expensed in 2020 of NOK 202 006 has been calculated according to the Black-Scholes formula.

The share capital at the end of the year is NOK 2 430 066 consisting of 11 718 893 shares at a nominal value of 0.207363131, including 763 777 treasury shares.

Note 6 Other operating revenue

Other operating revenue	2020	2019
Gain sale licenses	-	40 937 614
Other operating revenue	-	40 937 614

Note 7 Income tax

Income tax for the current year is calculated as follows:	2020	2019
Adjustment for tax refund earlier years	-	-
Change in deferred tax	47 584 140	67 720 428
Tax value of exploration costs (See Note 8)	-119 421 123	-137 539 515
Tax on ordinary income	-71 836 983	-69 819 087
Reconciling nominal and actual tax rates:	2020	2019
Pre-tax profit/loss	-95 470 467	-58 589 574
Anticipated income tax at nominal rate (22%/22%)	-21 003 503	-12 889 706
Anticipated income tax at special surtax rate (56%/56%)	-53 463 462	-32 810 161
Tax effect of following items:		
Non-deductible expenses	313 098	423 276
Non taxable income, 78%	0	-28 177 500
Tax effect of interest on loss for carrying forward (22%/56%)	-341 055	-219 732
Effect of surtax (56%/55%)	2 657 939	3 854 736
Income tax	-71 836 983	-69 819 087
Effective tax rate	75,2 %	119,2 %

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

	2020		2019	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Exploration expenses and license costs	0	118 930 617	0	71 005 422
Provisions for liabilities	0	0	0	0
Loss to be carried forward	26 576 113	0	26 235 058	0
Total	26 576 113	118 930 617	26 235 058	71 005 422
Of which netted	-26 576 113	-26 576 113	-26 235 058	-26 235 058
Net deferred tax asset/ liability	0	92 354 504	-	44 770 364

Profit from oil and gas operations on the Norwegian shelf is taxed in accordance with the Norwegian Petroleum Tax Act.

A special 56% (2019: 56%) surtax is levied in addition to the ordinary 22% (2019 22%) corporate tax. The taxpayer may claim payment from the government for the tax value of direct and indirect expenses (with the exception of financing expenses) for petroleum exploration, provided that the sum does not exceed the year's loss on, respectively, ordinary income in the shelf tax district and the basis for surtax. For 2020 and 2021, the companies can, in addition, claim a refund of the tax loss for these years.

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

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

Note 8 Bank deposits

Bank deposits, cash in hand etc. includes non-distributable withheld tax in the sum of NOK 1 234 337 (2019: NOK 1 128 605) and a rental deposit of NOK 973 453 (2019: NOK 968 129)

Note 9 Other receivables

For the 2020 tax assessment the company claims reimbursement of the tax value of petroleum exploration costs and tax loss totalling NOK 119 421 123 (2019: NOK 137 539 516), see Petroleum Tax Act, 5th paragraph of section 3c.

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

Note 10 Leasing agreements

Annual rental for non-capitalised assets amounts to NOK 1 634 672 (2019: 1 634 450), which relates to rent for the office premises in Asker. The tenancy was renewed towards 30.10.2021; the remaining period of tenancy being 1 years.

Note 11 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 2,3 %.

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

As of 31 December 2020 loan amount totalled NOK 132 825 554. According to the loan agreement, 95% of the estimated tax reimbursement amounts to NOK 113 450 067. The tax reimbursement is estimated to NOK 119 421 123, see notes 6 and 8. This means that the company is not in compliance with the loan agreement. To correct this the company paid back 12.7 MNOK on 29.01.2021 as agreed with the bank. With this payment and exploration expenses accrued in the period 01.01.2021-29.01.2021 the company is in compliance with the loan agreement as of 29.01.2021.

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

Note 12 Other current liabilities

	2020	2019
Working capital liabilities in joint ventures	22 365 299	10 762 783
Wages, holiday pay and bonus	2 328 485	2 133 856
Accrued expenses	830 380	771 358
Total	25 524 165	13 667 997

Note 13 Financial market risk

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

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

Note 14 Exploration costs

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

	2020	2019
Payroll costs, ref note 2	26 010 000	24 259 189
Seismic, drilling and general licence expenses	47 369 183	52 954 978
Other operating costs linked with exploration	17 139 513	15 760 365
Total	90 518 696	92 974 532

Exploration expenses eligible for tax refunds amount to NOK 151 694 422 in 2020 (2019: NOK 176 332 712).

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 2020 the company sponsored the following:

Natteravnmagasinet Gatelangs NOK 20 000
 Asker Fotball NOK 10 000
 Norsk Geologisk Forening NOK 10 000
 Støtteforeningen for kreftrammede NOK 10 000
 Frelsesarmeen NOK 10 000
 Petroleumskvelden NOK 5 000
 Redningsselskapet NOK 5 000
 Asker Svømmeklubb, NOK 5000

Note 16 Licenses**North Sea**

PL 784 (20%): in blocks 25/3, 6. Operator is Aker BP ASA. G&G work ongoing. It was decided to apply for one year extension of DoD until February 2022.

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

PL 882 (20%): in blocks 33/6 and 34/4. Neptune Energy Norge AS is Operator. Awarded in APA 2016. Well 34/4-15S was drilled in June 2020 into the Dugong prospect. A discovery was made in the Brent Group but no OWC was proven. A sidetrack well, 34/4-15A, was followed and an OWC was proven. The discovered recoverable volumes were estimated to be between 40-120 mboe. The Dugong discovery will be further matured by an appraisal well 34/4-16S, planned to be spudded in February. The Tail prospect, targeting same reservoir as Dugong, is planned to be drilled in August. The license is now preparing for a PDO.

PL 926 (30%): in blocks 33/9,12 and 34/10. DNO Norge AS is operator. Awarded in APA 2017. The work program includes acquire and/or reprocess 3D seismic. DOD is by February 2021. It has been decided to Drop the license.

PL 989 (30%): in block 36/7. Wintershall DEA Norge AS is Operator. DoD is extended from February 2021 to February 2022. The main focus in the partnership is on the potential recovery of the shallow oil discovery within the license.

PL 992 (30%): in blocks 33/6, 9. Neptune Energy AS is Operator. Acquire and reprocess 3D seismic. DoD has been extended from February 2021 to February 2022.

PL 1043 (30%): in blocks 25/7 and 25/8. Operator is Vår Energy. Acquire modern 3D seismic. DoD within 2 years.

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

Barents Sea

PL 901 (20%): in blocks 7122/5, 7122/6 and 7123/4. Vår Energi AS is Operator. Awarded in APA 2016. 3D seismic has been acquired and reprocessed. Decision to drill has been taken. The Rødhette prospect will be drilled autumn 2021.

PL 1022 (30%): in blocks 7121/9 and 7122/7. Awarded in APA 2018. Aker BP ASA is Operator. Reprocess 3D seismic before DOD February 2021. The license will be dropped.

PL 1074 (20%): in blocks 7121/10, 11,12 and 7122/10. Awarded in APA 2019. Operator is Vår Energy. Reprocessing 3D/acquire new 3D. DoD within two years

PL 1075 (40%): block 7123/4, 5. Awarded in APA 2019. Operator is Vår Energy. Acquire 3D seismic before DoD within two years.

Note 17 Relinquished Licences**Norwegian Sea**

PL 887 (20%): in blocks 6507/7, 8, 10 and 11. PGNiG Upstream Norge AS is Operator. Awarded in APA 2016. 3D seismic has been acquired. Applied for extension of DOD decision to February 2020. The license was relinquished in June 2020.

Barents Sea

PL 951 (20%): in blocks 7121/5, 6, 8, 9 and 7122/4, 7. Aker BP ASA is Operator. Awarded in APA 2017. Acquire and/or reprocess 3D seismic. The license has applied for DOD extension for half a year to September 2020 which has been approved by the authorities. The license was relinquished September 2020.

PL 953 (30%): in blocks 7122/2,3, 5,6 and 7123/1, 2, 4. Wintershall Dea Norge AS is Operator. Awarded in APA 2017. Acquire new 2D seismic and then decision on 3D seismic before DOD by 2020. The license was relinquished September 2020.

Note 18 Transferred interests in 2020**North Sea**

PL 882 (20%): Concedo divested 10% interest of a 30% share in the licence PL 882 with effective date 01.01.2020. This was part of a well-carry cost agreement with Idemitsu Petroleum.

Note 19 New awarded Licences 2021 (APA 2020)

North Sea

PL 1096 (10%): block 25/11. Vår Energy is Operator. Acquire and reprocess 3D seismic, acquire EM data. DoD in 2023.

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

	2020	2019
Tax refund received	137 539 516	99 816 705
Interest on Tax refund, received	1 865 802	680 941
Payments of other fees	-891 644	-806 204
Total payments/refund to/from the Norwegian Government	138 513 674	99 691 442

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

Note 21 Going concern

The financial statements have been prepared based on the going concern assumption. In compliance with section 3-3a of the Accounting Act, we confirm that the requirements for a going concern have been satisfied. The required equity in 2020 was resolved by divesting 10% of PL882 by a carry arrangement of the Dugong well. The company has further divested 5% in the Dugong discovery, effective from January 2021, through a combination of cash compensation and carry. Following these transactions it is management's assessment that the Company has sufficient funds to support the operation till the end of 2021. Management will consider the capital situation again at the end of the year in connection with the future drilling program. The Covid-19 pandemic has not had any negative impact on the company's operation.