

Directors' report 2021

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

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

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

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

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

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

The election led to a new government in Norway. The right-of-centre government headed by the Conservative Party was after eight years replaced by a coalition consisting of the Labour Party and Centre Party. However, the new government has similar views on the Norwegian oil & gas sector as

the previous one, and the consequences for oil & gas exploration companies in general, and exploration companies like Concedo in particular, seem to be as described in the proposed tax system.

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

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

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

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

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

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

Objective and strategy

Concedo's ambition is to have one of the best exploration teams on the NCS, capitalizing on the team's excellent knowledge of leads and unmapped resources on the NCS and working in areas aligned with the team's strengths. We create value by selling discoveries prior to development, thus avoiding capital-intensive investments in field development. Concedo's strategy is to preserve its financial strength so it can sell discoveries at the best possible time and be regarded as an attractive partner by other oil companies. In 2012, Concedo returned the capital initially invested in 2006 to its

investors in the form of a pay-back of paid-in capital and dividends. The Company has so far not raised more equity, as it has been able to monetize assets.

Financing

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

Business office

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

History

Concedo was established as an exploration company in 2006 and pre-qualified as a licensee on the NCS in 2007. From the beginning, the Company had a strong team of eight experienced employees. The team grew in pace with assignments and the number of licences in the Company's portfolio. The first discovery (gas) was made in 2008 - the Galtvort discovery - and in 2009 oil was found in what is now known as the Hyme field. Concedo's interest in this licence was sold to Statoil in 2010. In 2010, the Maria discovery, just south of the Smørbukk South field, was proven to be oil-bearing. Concedo sold the Maria discovery to the operator Wintershall in 2011. The Novus discovery was made in early 2014 but declared non-commercial. The Kallåsen discovery and Grosbeak appraisal drilled in the adjacent licence took place in 2018. Concedo divested its share of the Grosbeak discovery in 2019. The Goddo discovery was made in 2019, while the Dugong/Sjøpølse discovery was made in 2020.

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

Research and development

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

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

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

Health, safety and the environment

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

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

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

Gender equality

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

Sustainability and responsibility

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

Corporate governance

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

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

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

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

Management and employee salaries

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

Financial performance 2021

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

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

Revenues and profits

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

Balance sheet and liquidity

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

Cash flow

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

Distribution of profit

No dividend was paid in 2021.

Payments/refund of tax and payments to governments

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

Operational, financial and market risks

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

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

Credit risks

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

Political risks

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

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

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

Liquidity risks

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

Currency risks

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

Risk of low oil and gas prices

Low oil and gas prices have some positive effects for Concedo, as exploration costs tend to be significantly reduced, mainly due to lower rig rates. However, low prices also reduce the prices obtained for the sale of oil and gas discoveries. In the longer term, stable and quite high oil and gas

prices are desirable, as this will increase and stabilize the value of oil and gas discoveries and make it easier to sell such discoveries at acceptable prices.

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

Russia's war against Ukraine has created additional uncertainty in the European energy markets. The war has been an eye-opener with regards to European dependency on Russian gas. Last week, Russia stopped gas supplies to Poland and Bulgaria as the countries refuse to pay for the gas in Russian currency. Other countries may experience the same. European efforts will now be made to reduce the dependency on Russian gas and eventually cut it completely. These efforts will benefit other European gas suppliers like Norway.

Going forward, with energy shortage and war in Europe, and great compatibility between energy sources for power production, the risk of low oil and gas prices are lower than in many years.

Going concern

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

Future prospects

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

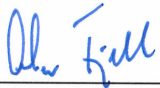
New discoveries provide the basis for continued activity, create major spin-offs for the rest of society, and will be important for future value creation. Concedo works hard to support technological progress within exploration. Digitalization provides better data and tools which contribute to increased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

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

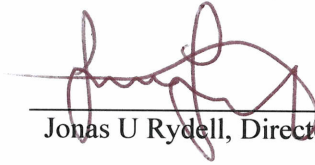
Concedo's exploration portfolio normally contains 12-20 licences due to annual licensing round awards and drop decisions. New opportunities appear continuously. The Company will continue to pursue the conversion of its licence portfolio prospects into drilling decisions.

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

Asker, 2 May 2022



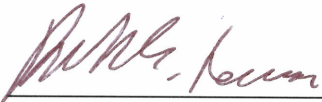
Olav Fjell, Chairman



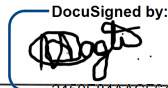
Jonas U Rydell, Director



Sandra D Crane, Director



Erik Sverre Jenssen,
Director

DocuSigned by:


Nirav Dagli, Director



Geir Lunde, CEO