

**DNO ASA**  
Interim Results

# Second Quarter 2023



*Cover photo: A DNO geologist taking in the view from the Deepsea Yantai rig during drilling of the operated Norma exploration well (DNO 30 percent) in August 2023.*

## Key figures

| USD million                       | Quarters |         |         | First Half-Year | Full-Year |         |
|-----------------------------------|----------|---------|---------|-----------------|-----------|---------|
|                                   | Q2 2023  | Q1 2023 | Q2 2022 | 2023            | 2022      |         |
| <b>Key financials</b>             |          |         |         |                 |           |         |
| Revenues                          | 58.3     | 268.9   | 360.6   | 327.2           | 700.0     | 1,377.0 |
| EBITDAX                           | 11.7     | 206.5   | 303.8   | 218.2           | 597.4     | 1,116.0 |
| EBITDA                            | -4.8     | 200.0   | 256.1   | 195.2           | 543.8     | 1,019.5 |
| Operating profit/-loss            | -15.0    | 155.3   | 80.8    | 140.4           | 317.0     | 431.4   |
| Net profit/-loss                  | -18.5    | 87.4    | 72.3    | 68.9            | 212.8     | 384.9   |
| Free cash flow                    | -144.2   | 35.0    | 166.5   | -109.4          | 318.2     | 618.8   |
| Operational spend                 | 142.8    | 156.0   | 197.4   | 298.8           | 356.8     | 741.4   |
| Net cash/- debt                   | 176.8    | 344.3   | 129.5   | 176.8           | 129.5     | 388.2   |
| Lifting costs (USD/boe)           | 45.5     | 7.9     | 5.7     | 12.2            | 5.9       | 6.5     |
| <b>Key operational data</b>       |          |         |         |                 |           |         |
| Gross operated production (boepd) | 65       | 94,720  | 107,178 | 47,131          | 106,823   | 107,637 |
| Net production (boepd)*           | 14,417   | 89,399  | 91,937  | 51,701          | 92,241    | 97,310  |
| Sales volume (boepd)              | 9,654    | 38,555  | 39,276  | 24,025          | 38,326    | 38,444  |

\* Net production full-year 2022 includes West Africa segment (equity accounted investment), effective from 1 January 2022.

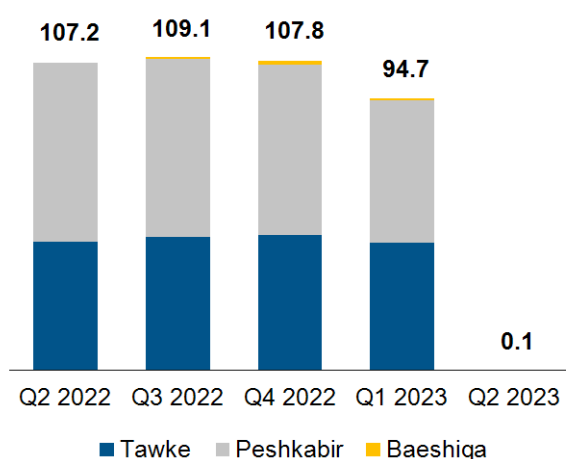
For more information about key figures, see the section on alternative performance measures.

## Q2 2023 highlights

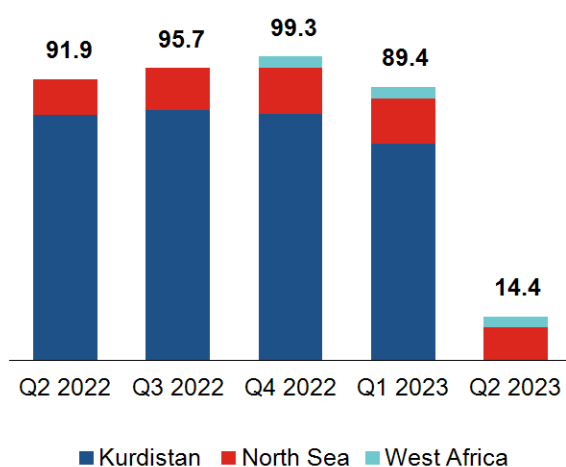
- At a total of 14,400 barrels of oil equivalent per day (boepd), Q2 2023 net production across DNO's portfolio was lowest in 13 years, with North Sea contributing 10,800 boepd, West Africa 3,500 boepd and Kurdistan the balance
- Following a four-month shut-in triggered by the closure of the Iraq-Turkey Pipeline export route, DNO has partially restarted operations at its legacy Tawke field and is currently selling its entitlement share of oil production to local trading companies
- Drop in North Sea production in Q2 2023 from temporary shutdown of third-party facilities, offset in part by contributions from new Fenja field (DNO 7.5 percent) starting late April
- DNO participated in three exploration wells in the North Sea in the quarter. One of these was Carmen (DNO 30 percent), announced in July as the largest discovery in Norway in 10 years. The other two wells drilled during the quarter, Eggen and Litago (DNO 20 percent), were dry
- Production from West Africa assets remains stable
- Driven by the Kurdistan export closure and a significant North Sea production cut from a shutdown of third-party facilities that has now ended, DNO reported a 78 percent quarter-on-quarter revenue drop to USD 58 million
- Net loss amounted to USD 19 million, down from a net profit of USD 87 million in the previous quarter
- Given uncertain timing of pipeline export resumption and continued delays in payments by the Kurdistan Regional Government for previous oil sales, DNO has cut back new investment spend and staffing levels
- During the quarter, distributions were made to shareholders through dividends of USD 22 million
- The balance sheet remains strong with an unchanged equity ratio of 50 percent as the Company exited the quarter with cash deposits of USD 743 million and net cash of USD 177 million

## Operational review

### Gross operated production (Thousand bopd)



### Net production (Thousand boepd)



Gross production from the Company's operated licenses in Kurdistan averaged 65 barrels of oil per day (bopd) during the second quarter, down from 94,720 bopd in the previous quarter. DNO shut down production from its operated oil fields in the Kurdistan region of Iraq after it was instructed in late March to temporarily cease deliveries to the Iraq-Turkey Pipeline (ITP). The reported gross production in the second quarter represents volumes that were produced into April and placed in storage tanks.

Net production during the second quarter stood at 14,417 barrels of oil equivalent per day (boepd), down from 89,399 boepd in the previous quarter. In Kurdistan, net production averaged 41 bopd, down from 70,947 bopd in the previous quarter and North Sea averaged 10,844 boepd, down from 14,776 boepd in the previous

quarter. In addition, the Company's West Africa gas asset offshore Côte d'Ivoire averaged 3,532 boepd, down from 3,676 boepd in the previous quarter. Drop in net production in the current quarter was mainly due to production shutdown in Kurdistan, and in the North Sea resulting from temporary shutdown of Norne FPSO shutdown (Alve/Marulk fields), Ula area planned maintenance and oil and water separation challenges at the Oda field, partly offset by commencement of production from the Fenja field starting in late April.

Net entitlement (NE) production averaged 11,438 boepd during the second quarter, down from 37,466 boepd in the previous quarter.

Sales volume averaged 9,654 boepd during the second quarter, down from 38,555 boepd in the previous quarter. The decrease in sales volume was driven by the continued closure of the ITP, and lower North Sea sales due to Norne FPSO shutdown (Alve/Marulk fields), no crude lifting at the Vilje field and lower crude liftings from the Ula area, partly offset by contribution from the Fenja field. The net underlift position was 0.47 million barrels of oil equivalent (MMboe) as of Q2 (Q1 2023: 0.30 MMboe).

### Gross operated production

| boepd        | Q2 2023   | Quarters      |                | First Half-Year |                | Full-Year      |
|--------------|-----------|---------------|----------------|-----------------|----------------|----------------|
|              |           | Q1 2023       | Q2 2022        | 2023            | 2022           | 2022           |
| Kurdistan    | 65        | 94,720        | 107,178        | 47,131          | 106,823        | 107,637        |
| North Sea    | -         | -             | -              | -               | -              | -              |
| <b>Total</b> | <b>65</b> | <b>94,720</b> | <b>107,178</b> | <b>47,131</b>   | <b>106,823</b> | <b>107,637</b> |

Table above shows gross operated production from the Group's operated licenses.

### Net production

| boepd            | Q2 2023       | Quarters      |               | First Half-Year |               | Full-Year     |
|------------------|---------------|---------------|---------------|-----------------|---------------|---------------|
|                  |               | Q1 2023       | Q2 2022       | 2023            | 2022          | 2022          |
| Kurdistan        | 41            | 70,947        | 80,358        | 35,298          | 80,105        | 80,669        |
| North Sea        | 10,844        | 14,776        | 11,579        | 12,799          | 12,136        | 13,314        |
| <b>Sub-total</b> | <b>10,885</b> | <b>85,723</b> | <b>91,937</b> | <b>48,097</b>   | <b>92,241</b> | <b>93,983</b> |
| West Africa      | 3,532         | 3,676         | -             | 3,604           | -             | 3,327         |
| <b>Sub-total</b> | <b>3,532</b>  | <b>3,676</b>  | <b>-</b>      | <b>3,604</b>    | <b>-</b>      | <b>3,327</b>  |
| <b>Total</b>     | <b>14,417</b> | <b>89,399</b> | <b>91,937</b> | <b>51,701</b>   | <b>92,241</b> | <b>97,310</b> |

Net production is based on DNO's percentage ownership in the licenses. West Africa segment is equity accounted (see Note 8).

### Net entitlement (NE) production

| boepd        | Q2 2023       | Quarters      |               | First Half-Year |               | Full-Year     |
|--------------|---------------|---------------|---------------|-----------------|---------------|---------------|
|              |               | Q1 2023       | Q2 2022       | 2023            | 2022          | 2022          |
| Kurdistan    | 598           | 22,691        | 26,682        | 11,583          | 26,679        | 25,933        |
| North Sea    | 10,841        | 14,776        | 11,579        | 12,797          | 12,136        | 13,314        |
| <b>Total</b> | <b>11,438</b> | <b>37,466</b> | <b>38,261</b> | <b>24,380</b>   | <b>38,815</b> | <b>39,247</b> |

NE production from the North Sea equals the segment's net production.

### Sales volume

| boepd        | Q2 2023      | Quarters      |               | First Half-Year |               | Full-Year     |
|--------------|--------------|---------------|---------------|-----------------|---------------|---------------|
|              |              | Q1 2023       | Q2 2022       | 2023            | 2022          | 2022          |
| Kurdistan    | 598          | 22,691        | 26,682        | 11,583          | 26,679        | 25,933        |
| North Sea    | 9,056        | 15,865        | 12,594        | 12,441          | 11,647        | 12,511        |
| <b>Total</b> | <b>9,654</b> | <b>38,555</b> | <b>39,276</b> | <b>24,025</b>   | <b>38,326</b> | <b>38,444</b> |

Sales volume reflect North Sea lifted volumes and NE for Kurdistan.

# Activity overview

## Kurdistan region of Iraq

### Tawke license

Due to the closure of the Iraq-Turkey Pipeline (ITP) export route, the DNO-operated Tawke license, containing the Tawke and Peshkabir fields, did not produce any oil in the second quarter of 2023 (93,879 bopd in Q1 2023).

The number of Tawke license drilling rigs was reduced from three to zero during the second quarter due to the ITP closure and continued delays in payments by the Kurdistan Regional Government (KRG) for previous oil sales. Staffing level was reduced and discussions are ongoing with suppliers to extend payment for past services until the KRG's arrears to DNO are addressed.

Following the end of the quarter, DNO restarted partial oil production from the Tawke field to conduct well integrity and reservoir tests but has continued to produce to meet strong demand for Tawke oil. Field output is currently averaging 40,000 bopd. The nearby Peshkabir field remains closed.

One-half of Tawke production is delivered to the KRG and the balance is sold by DNO on behalf of the contractors to local trading companies. The oil is transported by buyers from the DNO terminal with road tankers.

DNO holds a 75 percent operated interest in the Tawke and Peshkabir fields with partner Genel Energy International Limited (25 percent).

### Baeshiqa license

Gross production from the DNO-operated Baeshiqa license averaged 65 bopd during the second quarter of 2023 (841 bopd in Q1 2023). The reported gross operated production represents volumes that were produced into April and placed in storage tanks.

DNO holds a 64 percent operated interest in the license (80 percent paying interest) with partners being TEC with a 16 percent interest (20 percent paying interest) and the KRG with a 20 percent carried interest.

Net production (bopd) per field in Kurdistan:

| bopd         | Quarters  |               |               | First Half-Year |               | Full-Year     |
|--------------|-----------|---------------|---------------|-----------------|---------------|---------------|
|              | Q2 2023   | Q1 2023       | Q2 2022       | 2023            | 2022          | 2022          |
| Tawke        | -         | 33,300        | 33,450        | 16,558          | 32,470        | 33,798        |
| Peshkabir    | -         | 37,109        | 46,761        | 18,452          | 47,561        | 46,528        |
| Baeshiqa     | 41        | 538           | 147           | 288             | 74            | 343           |
| <b>Total</b> | <b>41</b> | <b>70,947</b> | <b>80,358</b> | <b>35,298</b>   | <b>80,105</b> | <b>80,669</b> |

## North Sea

Net production averaged 10,844 boepd in the North Sea during the second quarter of 2023 (14,776 boepd in Q1 2023), of which 10,311 boepd was in Norway and 533 boepd in the UK (14,529 boepd and 246 boepd in Q1 2023). The drop in North Sea production was mainly due to temporary shutdown of third-party facilities, offset in part by contributions from the new Fenja field (DNO 7.5 percent) starting late April.

DNO participated in three exploration wells in the North Sea in the quarter. One of these was Carmen (DNO 30 percent), announced in July as the largest discovery in Norway in 10 years. The other two wells drilled during the quarter, Eggen and Litago (DNO 20 percent), were dry.

A total of 100 million barrels of oil equivalent (MMboe) have been discovered net to DNO offshore Norway since 2021, of which 78 MMboe have been added so far this year, driven importantly by Carmen. Previous discoveries are moving towards development. In June, the development of the Andvare discovery (DNO 32 percent) and the Berling discovery (DNO 30 percent) received government approvals, targeting gross volumes of 11 MMboe (start-up in 2024) and 45 MMboe (start-up in 2028), respectively. DNO also recently announced a fast-track development concept for the Brasse discovery (DNO 50 percent) as a low-cost tieback to Brage production facilities (DNO 14 percent) with main terms agreed ahead of final investment decision early next year.

| boepd        | Quarters      |               |               | First Half-Year |               | Full-Year     |
|--------------|---------------|---------------|---------------|-----------------|---------------|---------------|
|              | Q2 2023       | Q1 2023       | Q2 2022       | 2023            | 2022          | 2022          |
| Alve/Marulk  | 3,148         | 6,736         | 5,711         | 4,932           | 6,061         | 5,768         |
| Ula area     | 4,348         | 6,022         | 2,485         | 5,181           | 2,837         | 4,659         |
| Vilje        | 1,078         | 1,063         | 1,283         | 1,070           | 1,279         | 1,295         |
| Brage        | 1,379         | 845           | 1,200         | 1,113           | 1,227         | 1,020         |
| Ringhorne E. | -             | 2             | 796           | 1               | 605           | 440           |
| Fenja        | 787           | -             | -             | 396             | -             | -             |
| Other        | 104           | 107           | 103           | 106             | 126           | 131           |
| <b>Total</b> | <b>10,844</b> | <b>14,776</b> | <b>11,579</b> | <b>12,799</b>   | <b>12,136</b> | <b>13,314</b> |

Ula area comprises Ula, Tambar, Oda and Blane (UK) fields.

## West Africa

The net production from the Company's equity accounted investment, Côte d'Ivoire (West Africa segment), averaged 3,532 boepd in the second quarter of 2023 (3,676 boepd in Q1 2023). A gas sales contract renegotiation with the government is ongoing to raise the price ceiling, allowing for increased investment in Block CI-27 (DNO nine percent indirect interest). On nearby Block CI-12 (DNO eight percent indirect interest) a rig has been secured for two exploration wells plus one optional well, to be drilled back-to-back commencing in the fourth quarter of 2023.

| boepd        | Quarters     |              |          | First Half-Year |          | Full-Year    |
|--------------|--------------|--------------|----------|-----------------|----------|--------------|
|              | Q2 2023      | Q1 2023      | Q2 2022  | 2023            | 2022     | 2022         |
| Block CI-27  | 3,532        | 3,676        | -        | 3,604           | -        | 3,327        |
| <b>Total</b> | <b>3,532</b> | <b>3,676</b> | <b>-</b> | <b>3,604</b>    | <b>-</b> | <b>3,327</b> |

## Financial review

### Revenues, operating profit and cash

Revenues in the second quarter stood at USD 58.3 million, down by around 78 percent from the previous quarter (Q1 2023: USD 268.9 million). Kurdistan generated revenues of USD 1.9 million (Q1 2023: USD 137.6 million), representing sales from storage to local markets, while the North Sea generated revenues of USD 56.4 million (Q1 2023: USD 131.3 million). The revenues in the quarter were highly impacted by the closure of the ITP, and lower North Sea sales due to temporary shutdown of Norne FPSO (Alve/Marulk fields), no crude lifting at the Vilje field and lower crude liftings from the Ula area, partly offset by contribution from the Fenja field.

The Group reported an operating loss of USD 15.0 million in the second quarter, down from an operating profit of USD 155.4 million in the previous quarter, highly impacted by the ITP shutdown.

The Group ended the quarter with a cash balance of USD 742.9 million and USD 176.8 million in net cash position, compared to USD 910.5 million and USD 344.3 million in previous quarter, respectively.

### Cost of goods sold

In the second quarter, the cost of goods sold amounted to USD 56.8 million, down from USD 104.8 million in the previous quarter. The decrease in cost of goods sold was mainly due to lower lifting costs and depreciation in Kurdistan.

### Lifting costs

Lifting costs stood at USD 45.1 million in the second quarter, down from USD 61.2 million in the previous quarter. In Kurdistan, the average lifting cost was USD 6,998.4 per barrel, up from USD 5.8 per barrel in the previous quarter, which was extraordinary and due to the shutdown of production during the quarter. In the North Sea, the average lifting cost stood at USD 19.0 per barrel of oil equivalent (boe), up from USD 17.9 per boe in the previous quarter.

| USD million  | Q2 2023     | Quarters    |             | First Half-Year |             | Full-Year 2022 |
|--------------|-------------|-------------|-------------|-----------------|-------------|----------------|
|              |             | Q1 2023     | Q2 2022     | 2023            | 2022        |                |
| Kurdistan    | 26.3        | 37.3        | 24.6        | 63.6            | 52.7        | 124.7          |
| North Sea    | 18.8        | 24.0        | 23.1        | 42.8            | 45.7        | 97.4           |
| <b>Total</b> | <b>45.1</b> | <b>61.2</b> | <b>47.7</b> | <b>106.4</b>    | <b>98.5</b> | <b>222.1</b>   |

| (USD/boe)      | Q2 2023     | Quarters   |            | First Half-Year |            | Full-Year 2022 |
|----------------|-------------|------------|------------|-----------------|------------|----------------|
|                |             | Q1 2023    | Q2 2022    | 2023            | 2022       |                |
| Kurdistan      | 6,998.4     | 5.8        | 3.4        | 10.0            | 3.6        | 4.2            |
| North Sea      | 19.0        | 17.9       | 21.9       | 18.5            | 20.8       | 20.0           |
| <b>Average</b> | <b>45.5</b> | <b>7.9</b> | <b>5.7</b> | <b>12.2</b>     | <b>5.9</b> | <b>6.5</b>     |

### Depreciation, depletion and amortization (DD&A)

DD&A related to the Group's oil and gas production assets amounted to USD 8.8 million in the second quarter, compared to USD 43.2 million in the previous quarter. The decrease in DD&A was due to lower Kurdistan NE production resulting from the ITP closure, partly offset by higher North Sea depreciation following commencement of production from the Fenja field.

| USD million  | Q2 2023    | Quarters    |             | First Half-Year |             | Full-Year 2022 |
|--------------|------------|-------------|-------------|-----------------|-------------|----------------|
|              |            | Q1 2023     | Q2 2022     | 2023            | 2022        |                |
| Kurdistan    | 0.9        | 36.6        | 32.3        | 37.6            | 64.0        | 126.4          |
| North Sea    | 7.9        | 6.6         | 14.5        | 14.3            | 32.8        | 84.7           |
| <b>Total</b> | <b>8.8</b> | <b>43.2</b> | <b>46.8</b> | <b>51.9</b>     | <b>96.9</b> | <b>211.1</b>   |

| (USD/boe)      | Q2 2023    | Quarters    |             | First Half-Year |             | Full-Year 2022 |
|----------------|------------|-------------|-------------|-----------------|-------------|----------------|
|                |            | Q1 2023     | Q2 2022     | 2023            | 2022        |                |
| Kurdistan      | 17.2       | 17.9        | 13.3        | 17.9            | 13.3        | 13.4           |
| North Sea      | 7.9        | 4.9         | 13.8        | 6.2             | 14.9        | 17.4           |
| <b>Average</b> | <b>8.4</b> | <b>12.8</b> | <b>13.4</b> | <b>11.8</b>     | <b>13.8</b> | <b>14.7</b>    |

### Exploration costs expensed

Exploration costs expensed in the second quarter amounted to USD 16.5 million, up from USD 6.6 million in the previous quarter. The exploration costs expensed in the current quarter included expensing of two dry wells and seismic purchase in the North Sea.

| USD million  | Q2 2023     | Quarters   |             | First Half-Year |             | Full-Year 2022 |
|--------------|-------------|------------|-------------|-----------------|-------------|----------------|
|              |             | Q1 2023    | Q2 2022     | 2023            | 2022        |                |
| Kurdistan    | -           | -          | -           | -               | -           | -              |
| North Sea    | 16.5        | 6.6        | 47.7        | 23.0            | 53.5        | 96.5           |
| <b>Total</b> | <b>16.5</b> | <b>6.6</b> | <b>47.7</b> | <b>23.0</b>     | <b>53.5</b> | <b>96.5</b>    |

### Capital expenditures

Capital expenditures stood at USD 73.1 million in the second quarter, of which USD 20.5 million were in Kurdistan and USD 52.2 million in the North Sea. Given uncertain timing of export pipeline resumption and the delays in payments for previous oil sales, DNO scaled back spend in Kurdistan, including drilling.

| USD million  | Q2 2023     | Quarters    |              | First Half-Year |              | Full-Year 2022 |
|--------------|-------------|-------------|--------------|-----------------|--------------|----------------|
|              |             | Q1 2023     | Q2 2022      | 2023            | 2022         |                |
| Kurdistan    | 20.5        | 39.7        | 56.4         | 60.2            | 100.7        | 212.2          |
| North Sea    | 52.2        | 34.0        | 57.7         | 86.1            | 94.6         | 161.1          |
| Other        | 0.4         | 0.2         | -0.2         | 0.7             | 0.3          | 1.5            |
| <b>Total</b> | <b>73.1</b> | <b>73.9</b> | <b>113.9</b> | <b>147.0</b>    | <b>195.5</b> | <b>374.8</b>   |

## Risks and uncertainty

The Group is subject to a range of risks and uncertainties which may affect its business operations and financial condition. The description of key risks and uncertainties in the DNO ASA Annual Report and Accounts 2022 gives a fair description of key risks and uncertainties that may affect the Group in the second half of 2023 and we are not aware of any significant new risks or uncertainties or significant changes to those risks or uncertainties, except for those described herein.

### *Update regarding shutdown of Iraq-Turkey Pipeline (ITP)*

In 2014, the Federal Government of Iraq (FGI) initiated an arbitration case against the Turkish Government and its state-owned pipeline operator BOTAS relating to the Iraq-Turkey Pipeline (ITP), as referenced in the 2022 DNO ASA consolidated accounts. Following an arbitration ruling which became publicly known on or around 24 March 2023, and which were in parts in favor of Iraq, the ITP was closed for export of Kurdish oil on 25 March 2023.

After initially diverting production to storage tanks with limited capacity, DNO announced an orderly shutdown of its production in Kurdistan on 29 March 2023. The Company noted reports that on 4 April 2023 an agreement had been reached between KRG and FGI on measures to facilitate resumption of oil exports through Turkey. The Company also noted reports that Iraq's State Oil Marketing Organization (SOMO) had, on 13 May 2023, officially requested Turkish authorities to allow Kurdistan's oil exports via the country's Ceyhan port. The ITP remains closed, but since late June 2023, there are reports on discussions between Iraq and Turkey about restarting the ITP.

Delays in payments for previous oil sales and the suspension of exports have resulted in significant cash generation being

deferred (see Note 9) and timing of export resumption and of payments for previous oil sales by the KRG is uncertain. Consequently, DNO has initiated cost reduction measures in Kurdistan, including reduction in Tawke license drilling rigs from three to zero during the quarter, reduction in staffing levels and discussions ongoing with suppliers to extend payment for past services until the KRG's arrears to DNO are addressed. During the quarter, sales from storage to local markets commenced and have been stepped up. Following the end of Q2, DNO partially restarted operations from the Tawke field, while the nearby Peshkibir field remains closed. Tawke field output is currently averaging gross 40,000 bopd of which one-half delivered to the KRG as its entitlement and the balance sold by DNO on behalf of the contractors to local trading companies and the oil transported by road tanker. Selling prices vary by contract and average around 50 percent of pre-closure levels but payments now are made promptly and directly to DNO.

Prolonged ITP shutdown will have adverse effects on DNO's financial results this year, including lower revenues and increase in the credit risk related to the outstanding KRG trade receivables, but the extent and duration of this over the longer term remain largely uncertain. Moreover, prolonged shutdown may also adversely impact the key assumptions (i.e., production and investment profiles) applied in the economic valuations of the Kurdistan PSC oil assets (presented under PP&E). The Company continues to monitor the situation, while it continues to engage with the KRG regarding payment of outstanding receivables for previous oil sales.

## Responsibility statement

We confirm to the best of our knowledge that the Group's interim financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and give a fair view of the Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that the interim management report

includes a fair review of any significant events that arose during the six-month period and their effect on the half-year financial report, any significant related-party transactions, and a description of the significant risks and uncertainties for the remaining six months of the year.

Oslo, 17 August 2023

Bijan Mossavar-Rahmani  
Executive Chairman

Gunnar Hirsti  
Deputy Chairman

Elin Karfjell  
Director

Anita Hjerkin Aarnæs  
Director

Najmedin Meshkati  
Director

Bjørn Dale  
Managing Director



## Consolidated statements of comprehensive income

| (unaudited, in USD million)   | Note | Quarters     |              | First Half-Year |              | Full-Year    |
|---|------|--------------|--------------|-----------------|--------------|--------------|
|   |      | Q2 2023      | Q2 2022      | 2023            | 2022         | 2022         |
| Revenues  | 2,3  | 58.3         | 360.6        | 327.2           | 700.0        | 1,377.0      |
| Cost of goods sold  | 4    | -56.8        | -103.7       | -161.6          | -198.7       | -460.9       |
| <b>Gross profit</b>   |      | <b>1.5</b>   | <b>256.8</b> | <b>165.6</b>    | <b>501.3</b> | <b>916.1</b> |
| Share of profit/-loss from Joint Venture                                  | 8    | 3.0          | -            | 5.1             | -            | 6.0          |
| Other income/-expenses  |      | 0.6          | 0.3          | 1.0             | 0.9          | 2.8          |
| Administrative expenses   |      | -2.7         | -2.5         | -6.9            | -5.2         | -17.9        |
| Other operating expenses  |      | -0.9         | 1.1          | -1.4            | 0.7          | -7.7         |
| Impairment oil and gas assets   | 7    | -            | -127.2       | -               | -127.2       | -371.3       |
| Exploration expenses  | 5    | -16.5        | -47.7        | -23.0           | -53.5        | -96.5        |
| <b>Operating profit/-loss</b>   |      | <b>-15.0</b> | <b>80.8</b>  | <b>140.4</b>    | <b>317.0</b> | <b>431.4</b> |
| Financial income  |      | 17.7         | 0.8          | 38.0            | 1.0          | 13.8         |
| Financial expenses  | 10   | -18.5        | -31.6        | -35.9           | -60.7        | -98.7        |
| <b>Profit/-loss before income tax</b>                                     |      | <b>-15.8</b> | <b>50.0</b>  | <b>142.5</b>    | <b>257.4</b> | <b>346.5</b> |
| Tax income/-expense   | 6    | -2.7         | 22.3         | -73.6           | -44.6        | 38.4         |
| <b>Net profit/-loss</b>   |      | <b>-18.5</b> | <b>72.3</b>  | <b>68.9</b>     | <b>212.8</b> | <b>384.9</b> |
| <b>Other comprehensive income</b>   |      |              |              |                 |              |              |
| Currency translation differences  |      | -8.6         | -40.1        | -25.0           | -35.2        | -31.6        |
| <b>Items that may be reclassified to profit or loss in later periods</b>  |      | <b>-8.6</b>  | <b>-40.1</b> | <b>-25.0</b>    | <b>-35.2</b> | <b>-31.6</b> |
| Net fair value changes from financial instruments                         | 8    | -            | -4.3         | -               | 2.6          | 14.2         |
| <b>Items that are not reclassified to profit or loss in later periods</b> |      | <b>-</b>     | <b>-4.3</b>  | <b>-</b>        | <b>2.6</b>   | <b>14.2</b>  |
| <b>Total other comprehensive income, net of tax</b>                       |      | <b>-8.6</b>  | <b>-44.4</b> | <b>-25.0</b>    | <b>-32.6</b> | <b>-17.4</b> |
| <b>Total comprehensive income, net of tax</b>                             |      | <b>-27.1</b> | <b>27.9</b>  | <b>43.9</b>     | <b>180.2</b> | <b>367.5</b> |
| Net profit/-loss attributable to:   |      |              |              |                 |              |              |
| Equity holders of the parent  |      | -18.5        | 72.3         | 68.9            | 212.8        | 384.9        |
| Total comprehensive income attributable to:                               |      |              |              |                 |              |              |
| Equity holders of the parent  |      | -27.1        | 27.9         | 43.9            | 180.2        | 367.5        |
| Earnings per share, basic (USD per share)                                 |      | -0.02        | 0.07         | 0.07            | 0.22         | 0.39         |
| Earnings per share, diluted (USD per share)                               |      | -0.02        | 0.07         | 0.07            | 0.22         | 0.39         |
| Weighted average number of shares outstanding (millions)                  |      | 975.00       | 975.43       | 985.17          | 975.43       | 986.97       |

## Consolidated statements of financial position

| <b>ASSETS</b>                                |      | <b>At 30 Jun</b> |                |                | <b>At 31 Dec</b> |
|--|------|------------------|----------------|----------------|------------------|
| (unaudited, in USD million)                  | Note | 2023             | 2022           | 2022           |                  |
| <b>Non-current assets</b>                    |      |                  |                |                |                  |
| Deferred tax assets                          | 6    | -                | 11.2           | -              |                  |
| Goodwill                                     | 7    | 51.9             | 65.8           | 56.1           |                  |
| Other intangible assets                      | 7    | 124.2            | 84.9           | 97.2           |                  |
| Property, plant and equipment                | 7    | 1,138.0          | 1,314.1        | 1,108.6        |                  |
| Investment in Joint Venture                  | 8    | 67.3             | -              | 76.1           |                  |
| Financial investments                        | 8    | -                | 18.8           | -              |                  |
| Other non-current receivables                | 9    | -                | 0.2            | -              |                  |
| Tax receivables                              | 6    | -                | 14.3           | -              |                  |
| <b>Total non-current assets</b>              |      | <b>1,381.4</b>   | <b>1,509.3</b> | <b>1,338.1</b> |                  |
| <b>Current assets</b>                        |      |                  |                |                |                  |
| Inventories                                  | 4    | 66.6             | 40.4           | 47.0           |                  |
| Trade and other receivables                  | 9    | 421.6            | 450.0          | 437.8          |                  |
| Tax receivables                              | 6    | 27.2             | 19.0           | 25.8           |                  |
| Cash and cash equivalents                    |      | 742.9            | 800.6          | 954.3          |                  |
| <b>Total current assets</b>                  |      | <b>1,258.3</b>   | <b>1,309.9</b> | <b>1,464.9</b> |                  |
| <b>TOTAL ASSETS</b>                          |      | <b>2,639.7</b>   | <b>2,819.2</b> | <b>2,803.0</b> |                  |
| <b>EQUITY AND LIABILITIES</b>                |      | <b>At 30 Jun</b> |                |                | <b>At 31 Dec</b> |
| (unaudited, in USD million)                  | Note | 2023             | 2022           | 2022           |                  |
| <b>Equity</b>                                |      |                  |                |                |                  |
| Shareholders' equity                         |      | 1,315.8          | 1,177.1        | 1,369.4        |                  |
| <b>Total equity</b>                          |      | <b>1,315.8</b>   | <b>1,177.1</b> | <b>1,369.4</b> |                  |
| <b>Non-current liabilities</b>               |      |                  |                |                |                  |
| Deferred tax liabilities                     | 6    | 115.5            | 221.4          | 62.4           |                  |
| Interest-bearing liabilities                 | 10   | 390.3            | 658.0          | 546.4          |                  |
| Provisions for other liabilities and charges | 11   | 374.2            | 393.7          | 379.6          |                  |
| <b>Total non-current liabilities</b>         |      | <b>880.0</b>     | <b>1,273.1</b> | <b>988.4</b>   |                  |
| <b>Current liabilities</b>                   |      |                  |                |                |                  |
| Trade and other payables                     | 12   | 231.3            | 233.3          | 244.1          |                  |
| Income taxes payable                         | 6    | 5.9              | 47.6           | 125.7          |                  |
| Current interest-bearing liabilities         | 10   | 166.2            | -              | 8.4            |                  |
| Provisions for other liabilities and charges | 11   | 40.5             | 88.1           | 67.0           |                  |
| <b>Total current liabilities</b>             |      | <b>443.9</b>     | <b>369.0</b>   | <b>445.3</b>   |                  |
| <b>Total liabilities</b>                     |      | <b>1,323.9</b>   | <b>1,642.2</b> | <b>1,433.6</b> |                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |      | <b>2,639.7</b>   | <b>2,819.2</b> | <b>2,803.0</b> |                  |

# Consolidated cash flow statement

| (unaudited, USD million)                                   | Note | Quarters      |               | First Half-Year |               | Full-Year      |
|--|------|---------------|---------------|-----------------|---------------|----------------|
|  |      | Q2 2023       | Q2 2022       | 2023            | 2022          | 2022           |
| <b>Operating activities</b>                                |      |               |               |                 |               |                |
| Profit/-loss before income tax                             |      | -15.8         | 50.0          | 142.5           | 257.4         | 346.5          |
| <b>Adjustments to add/-deduct non-cash items:</b>          |      |               |               |                 |               |                |
| Exploration cost previously capitalized carried to cost    | 5    | 6.5           | 39.5          | 6.5             | 38.5          | 52.2           |
| Depreciation, depletion and amortization                   | 4    | 10.2          | 48.1          | 54.8            | 99.6          | 216.7          |
| Impairment oil and gas assets                              | 7    | -             | 127.2         | -               | 127.2         | 371.3          |
| Share of profit/-loss from Joint Venture                   | 8    | -3.0          | -             | -5.1            | -             | -6.0           |
| Amortization of borrowing issue costs                      |      | 0.8           | 2.2           | 1.6             | 3.3           | 5.2            |
| Accretion expense on ARO provisions                        |      | 4.3           | 3.8           | 8.7             | 7.8           | 15.5           |
| Interest expense   |      | 12.1          | 16.2          | 23.9            | 33.1          | 57.5           |
| Interest income  |      | -10.7         | -1.3          | -18.6           | -1.0          | -12.9          |
| Other  |      | -6.7          | 1.6           | -19.9           | 7.8           | 11.0           |
| <b>Change in working capital items and provisions:</b>     |      |               |               |                 |               |                |
| - Inventories  |      | -12.5         | -4.2          | -19.6           | -4.5          | -11.2          |
| - Trade and other receivables                              | 9    | -5.7          | 45.1          | 15.7            | 50.7          | 59.9           |
| - Trade and other payables                                 | 12   | 45.2          | 13.7          | -12.8           | 0.7           | 11.5           |
| - Provisions for other liabilities and charges             |      | -8.9          | -0.5          | -7.0            | -3.2          | 5.9            |
| <b>Cash generated from operations</b>                      |      | <b>16.0</b>   | <b>341.3</b>  | <b>170.6</b>    | <b>617.3</b>  | <b>1,123.0</b> |
| Income taxes paid  |      | -79.9         | -             | -123.1          | -             | -5.1           |
| Tax refund received/-repaid                                |      | -             | -24.5         | -               | -36.9         | -16.1          |
| Interest received  |      | 7.5           | 0.8           | 14.0            | 1.1           | 12.5           |
| Interest paid  |      | -11.5         | -17.1         | -23.0           | -34.2         | -58.1          |
| <b>Net cash from/-used in operating activities</b>         |      | <b>-68.0</b>  | <b>300.4</b>  | <b>38.4</b>     | <b>547.3</b>  | <b>1,056.3</b> |
| <b>Investing activities</b>                                |      |               |               |                 |               |                |
| Purchases of intangible assets                             |      | -28.1         | -36.4         | -45.4           | -50.9         | -74.6          |
| Purchases of tangible assets                               |      | -45.0         | -77.5         | -101.6          | -144.6        | -300.2         |
| Payments for decommissioning                               |      | -8.9          | -19.9         | -14.7           | -33.6         | -70.0          |
| Acquisition of subsidiary, net of cash acquired            | 8    | -             | -             | -               | -             | 21.5           |
| Proceeds from disposal of financial investments            |      | -             | -             | -               | -             | 1.0            |
| Equity contribution into Joint Venture                     | 8    | -1.3          | -             | -3.4            | -             | -4.2           |
| Dividends from Joint Venture                               | 8    | 7.1           | -             | 17.3            | -             | 11.5           |
| <b>Net cash from/-used in investing activities</b>         |      | <b>-76.2</b>  | <b>-133.9</b> | <b>-147.8</b>   | <b>-229.1</b> | <b>-415.0</b>  |
| <b>Financing activities</b>                                |      |               |               |                 |               |                |
| Repayment of borrowings                                    | 10   | -             | -203.1        | -               | -218.7        | -323.7         |
| Purchase of treasury shares                                |      | -             | -             | -50.7           | -             | -11.7          |
| Paid dividend  |      | -22.1         | -             | -46.7           | -22.2         | -72.8          |
| Payments of lease liabilities                              |      | -0.6          | -2.7          | -2.9            | -5.3          | -10.8          |
| <b>Net cash from/-used in financing activities</b>         |      | <b>-22.7</b>  | <b>-205.8</b> | <b>-100.3</b>   | <b>-246.2</b> | <b>-419.1</b>  |
| <b>Net increase/-decrease in cash and cash equivalents</b> |      | <b>-166.9</b> | <b>-39.3</b>  | <b>-209.7</b>   | <b>71.9</b>   | <b>222.2</b>   |
| Cash and cash equivalents at beginning of the period       |      | 910.5         | 847.7         | 954.4           | 736.6         | 736.6          |
| Exchange gain/-losses on cash and cash equivalents         |      | -0.6          | -7.8          | -1.7            | -7.8          | -4.5           |
| <b>Cash and cash equivalents at the end of the period</b>  |      | <b>742.9</b>  | <b>800.6</b>  | <b>742.9</b>    | <b>800.6</b>  | <b>954.3</b>   |
| Of which restricted cash                                   |      | 13.5          | 21.6          | 13.5            | 21.6          | 22.5           |

## Consolidated statement of changes in equity

| (unaudited, in USD million)                              | Other comprehensive income |               |                                       |                                  |                   | Total equity   |
|--|----------------------------|---------------|---------------------------------------|----------------------------------|-------------------|----------------|
|  | Share capital              | Share premium | Fair value changes equity instruments | Currency translation differences | Retained earnings |                |
| <b>Total shareholders' equity as of 31 December 2021</b> | <b>32.9</b>                | <b>247.7</b>  | <b>39.7</b>                           | <b>-77.5</b>                     | <b>776.0</b>      | <b>1,018.8</b> |
| Fair value changes from equity instruments               | -                          | -             | 2.6                                   | -                                | -                 | 2.6            |
| Currency translation differences                         | -                          | -             | -                                     | -35.2                            | -                 | -35.2          |
| <b>Other comprehensive income/-loss</b>                  | <b>-</b>                   | <b>-</b>      | <b>2.6</b>                            | <b>-35.2</b>                     | <b>-</b>          | <b>-32.6</b>   |
| Profit/-loss for the period                              | -                          | -             | -                                     | -                                | 212.8             | 212.8          |
| <b>Total comprehensive income</b>                        | <b>-</b>                   | <b>-</b>      | <b>2.6</b>                            | <b>-35.2</b>                     | <b>212.8</b>      | <b>180.2</b>   |
| Payment of dividend                                      | -                          | -             | -                                     | -                                | -21.9             | -21.9          |
| <b>Transactions with shareholders</b>                    | <b>-</b>                   | <b>-</b>      | <b>-</b>                              | <b>-</b>                         | <b>-21.9</b>      | <b>-21.9</b>   |
| <b>Total shareholders' equity as of 30 June 2022</b>     | <b>32.9</b>                | <b>247.7</b>  | <b>42.3</b>                           | <b>-112.7</b>                    | <b>966.9</b>      | <b>1,177.1</b> |

| (unaudited, in USD million)                              | Other comprehensive income |               |                                       |                                  |                   | Total equity   |
|--|----------------------------|---------------|---------------------------------------|----------------------------------|-------------------|----------------|
|  | Share capital              | Share premium | Fair value changes equity instruments | Currency translation differences | Retained earnings |                |
| <b>Total shareholders' equity as of 31 December 2022</b> | <b>33.9</b>                | <b>343.6</b>  | <b>-</b>                              | <b>-29.0</b>                     | <b>1,020.9</b>    | <b>1,369.4</b> |
| Fair value changes from equity instruments               | -                          | -             | -                                     | -                                | -                 | -              |
| Currency translation differences                         | -                          | -             | -                                     | -25.0                            | -                 | -25.0          |
| <b>Other comprehensive income/-loss</b>                  | <b>-</b>                   | <b>-</b>      | <b>-</b>                              | <b>-25.0</b>                     | <b>-</b>          | <b>-25.0</b>   |
| Profit/-loss for the period                              | -                          | -             | -                                     | -                                | 68.9              | 68.9           |
| <b>Total comprehensive income</b>                        | <b>-</b>                   | <b>-</b>      | <b>-</b>                              | <b>-25.0</b>                     | <b>68.9</b>       | <b>43.8</b>    |
| Purchase of treasury shares                              | -1.1                       | -             | -                                     | -                                | -49.5             | -50.5          |
| Payment of dividend                                      | -                          | -             | -                                     | -                                | -46.9             | -46.9          |
| <b>Transactions with shareholders</b>                    | <b>-1.1</b>                | <b>-</b>      | <b>-</b>                              | <b>-</b>                         | <b>-96.4</b>      | <b>-97.5</b>   |
| <b>Total shareholders' equity as of 30 June 2023</b>     | <b>32.8</b>                | <b>343.6</b>  | <b>-</b>                              | <b>-54.0</b>                     | <b>993.4</b>      | <b>1,315.8</b> |

On 25 May 2023, at the DNO Annual General Meeting, the Company's shareholders approved the resolution to cancel 79,376,509 treasury shares held by the Company. The cancellation of treasury shares will be completed during third quarter 2023.

# Notes to the consolidated interim financial statements

## Note 1 | Basis of preparation and accounting policies

### Principal activities and corporate information

DNO ASA (the Company) and its subsidiaries (DNO or the Group) are engaged in international oil and gas exploration, development and production.

### Basis of preparation

DNO ASA's consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and IFRS standards issued and effective at date of reporting as adopted by the EU. These interim financial statements have also been prepared in accordance with Oslo Stock Exchange regulations.

The interim financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the DNO ASA Annual Report and Accounts 2022.

The interim financial information for 2023 and 2022 is unaudited.

Subtotals and totals in some of the tables included in these interim financial statements may not equal the sum of the amounts shown due to rounding.

The interim financial statements have been prepared on a historical cost basis, with the following exception: liabilities related to share-based payments, derivative financial instruments and equity instruments are recognized at fair value. A detailed description of the accounting policies applied is included in the DNO ASA Annual Report and Accounts 2022.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of DNO ASA Annual Report and Accounts 2022.

## Note 2 | Segment information

The Group reports the following three operating segments: Kurdistan, North Sea (which includes the Group's oil and gas activities in Norway and the UK) and West Africa (which represents the Group's equity accounted investment in Côte d'Ivoire, see Note 8). The segment assets/liabilities do not include internal receivables/liabilities.

| Second quarter ending 30 June 2023<br>USD million | Note | Kurdistan    | North Sea   | West<br>Africa | Other       | Total<br>reporting<br>segments | Un-<br>allocated/<br>eliminated | Total<br>Group |
|---|------|--------------|-------------|----------------|-------------|--------------------------------|---------------------------------|----------------|
| <b>Income statement information</b>               |      |              |             |                |             |                                |                                 |                |
| Revenues  | 3    | 1.9          | 56.4        | -              | -           | 58.3                           | -                               | 58.3           |
| Inter-segment revenues                            |      | -            | -           | -              | -           | -                              | -                               | -              |
| Cost of goods sold                                | 4    | -27.4        | -28.5       | -              | -           | -55.9                          | -0.9                            | -56.8          |
| <b>Gross profit</b>                               |      | <b>-25.5</b> | <b>27.9</b> | -              | -           | <b>2.4</b>                     | <b>-0.9</b>                     | <b>1.5</b>     |
| Share of profit/-loss from Joint Venture          | 8    |              |             | 3.0            | -           | 3.0                            |                                 | 3.0            |
| <b>Operating profit/-loss</b>                     |      | <b>-26.2</b> | <b>9.3</b>  | <b>3.0</b>     | <b>-1.0</b> | <b>-14.9</b>                   | <b>-0.1</b>                     | <b>-15.0</b>   |
| Financial income/-expense (net)                   | 10   | 1.4          | 1.5         | -              | 0.1         | 3.0                            | -3.8                            | -0.8           |
| Tax income/-expense                               | 6    | -            | -2.7        | -              | -           | -2.7                           | -                               | -2.7           |
| <b>Net profit/-loss</b>                           |      |              |             |                |             |                                |                                 | <b>-18.5</b>   |

| Second quarter ending 30 June 2022<br>USD million | Note | Kurdistan    | North Sea     | West<br>Africa | Other      | Total<br>reporting<br>segment | Un-<br>allocated/<br>eliminated | Total<br>Group |
|---|------|--------------|---------------|----------------|------------|-------------------------------|---------------------------------|----------------|
| <b>Income statement information</b>               |      |              |               |                |            |                               |                                 |                |
| Revenues  | 3    | 239.4        | 121.1         | -              | -          | 360.6                         | -                               | 360.6          |
| Inter-segment revenues                            |      | -            | -             | -              | -          | -                             | -                               | -              |
| Cost of goods sold                                | 4    | -57.0        | -45.8         | -              | -          | -102.8                        | -0.9                            | -103.7         |
| <b>Gross profit</b>                               |      | <b>182.5</b> | <b>75.3</b>   | -              | -          | <b>257.8</b>                  | <b>-0.9</b>                     | <b>256.8</b>   |
| Share of profit/-loss from Joint Venture          | 8    | -            | -             | -              | -          | -                             | -                               | -              |
| <b>Operating profit/-loss</b>                     |      | <b>182.8</b> | <b>-100.0</b> | -              | <b>0.3</b> | <b>83.0</b>                   | <b>-2.2</b>                     | <b>80.8</b>    |
| Financial income/-expense (net)                   | 10   | 4.2          | -6.5          |                | 0.2        | -2.1                          | -28.8                           | -30.8          |
| Tax income/-expense                               | 6    | -            | 22.3          | -              | -          | 22.3                          | -                               | 22.3           |
| <b>Net profit/-loss</b>                           |      |              |               |                |            |                               |                                 | <b>72.3</b>    |

## Note 2 | Segment information

| First Half-Year ending 30 June 2023<br>USD million | Note | Kurdistan      | North Sea    | West<br>Africa | Other       | Total<br>reporting<br>segment | Un-<br>allocated/<br>eliminated | Total<br>Group |
|--|------|----------------|--------------|----------------|-------------|-------------------------------|---------------------------------|----------------|
| <b>Income statement information</b>                |      |                |              |                |             |                               |                                 |                |
| Revenues   | 3    | 139.5          | 187.7        | -              | -           | 327.2                         | -                               | 327.2          |
| Inter-segment sales                                |      | -              | -            | -              | -           | -                             | -                               | -              |
| Cost of goods sold                                 | 4    | -101.4         | -58.3        | -              | -           | -159.8                        | -1.8                            | -161.6         |
| <b>Gross profit</b>                                |      | <b>38.1</b>    | <b>129.3</b> | <b>-</b>       | <b>-</b>    | <b>167.4</b>                  | <b>-1.8</b>                     | <b>165.6</b>   |
| Share of profit/-loss from Joint Venture           | 8    | -              | -            | 5.1            | -           | 5.1                           | -                               | 5.1            |
| <b>Operating profit/-loss</b>                      |      | <b>37.0</b>    | <b>102.4</b> | <b>5.1</b>     | <b>-1.5</b> | <b>143.0</b>                  | <b>-2.7</b>                     | <b>140.4</b>   |
| Financial income/-expense (net)                    | 10   | 2.5            | 9.5          | -              | 0.2         | 12.1                          | -10.0                           | 2.1            |
| Tax income/-expense                                | 6    | -              | -73.6        | -              | -           | -73.6                         | -                               | -73.6          |
| <b>Net profit/-loss</b>                            |      |                |              |                |             |                               |                                 | <b>68.9</b>    |
| <b>Financial position information</b>              |      |                |              |                |             |                               |                                 |                |
| Non-current assets                                 |      | 774.8          | 523.8        | 67.3           | -           | 1,366.0                       | 15.5                            | 1,381.4        |
| Current assets                                     |      | 394.5          | 303.6        | -              | 2.6         | 700.8                         | 557.5                           | 1,258.3        |
| <b>Total assets</b>                                |      | <b>1,169.4</b> | <b>827.5</b> | <b>67.3</b>    | <b>2.6</b>  | <b>2,066.8</b>                | <b>573.0</b>                    | <b>2,639.7</b> |
| Non-current liabilities                            |      | 71.3           | 402.3        | -              | -           | 473.5                         | 406.5                           | 880.0          |
| Current liabilities                                |      | 97.3           | 167.3        | -              | 32.2        | 296.8                         | 147.1                           | 443.9          |
| <b>Total liabilities</b>                           |      | <b>168.6</b>   | <b>569.5</b> | <b>-</b>       | <b>32.2</b> | <b>770.4</b>                  | <b>553.5</b>                    | <b>1,323.9</b> |

## Note 2 | Segment information

| First Half-Year ending 30 June 2022<br>USD million | Note | Kurdistan      | North Sea      | West<br>Africa | Other       | Total<br>reporting<br>segment | Un-<br>allocated/<br>eliminated | Total<br>Group |
|--|------|----------------|----------------|----------------|-------------|-------------------------------|---------------------------------|----------------|
| <b>Income statement information</b>                |      |                |                |                |             |                               |                                 |                |
| Revenues   | 3    | 448.1          | 251.9          | -              | -           | 700.0                         | -                               | 700.0          |
| Inter-segment sales                                |      | -              | -              | -              | -           | -                             | -                               | -              |
| Cost of goods sold                                 | 4    | -116.9         | -79.9          | -              | -           | -196.8                        | -1.8                            | -198.7         |
| <b>Gross profit</b>                                |      | <b>331.1</b>   | <b>172.0</b>   | -              | -           | <b>503.1</b>                  | <b>-1.8</b>                     | <b>501.3</b>   |
| Share of profit/-loss from Joint Venture           | 8    | -              | -              | -              | -           | -                             | -                               | -              |
| <b>Operating profit/-loss</b>                      |      | <b>331.2</b>   | <b>-8.9</b>    | -              | <b>-0.1</b> | <b>322.3</b>                  | <b>-5.2</b>                     | <b>317.0</b>   |
| Financial income/-expense (net)                    | 10   | 7.2            | -19.1          |                | 0.3         | -11.7                         | -48.0                           | -59.7          |
| Tax income/-expense                                | 6    | -              | -44.6          | -              | -           | -44.6                         | -                               | -44.6          |
| <b>Net profit/-loss</b>                            |      |                |                |                |             |                               |                                 | <b>212.8</b>   |
| <b>Financial position information</b>              |      |                |                |                |             |                               |                                 |                |
| Non-current assets                                 |      | 702.4          | 778.9          | -              | -           | 1,481.4                       | 27.9                            | 1,509.3        |
| Current assets                                     |      | 363.6          | 352.4          | -              | 11.6        | 727.6                         | 582.3                           | 1,309.9        |
| <b>Total assets</b>                                |      | <b>1,066.0</b> | <b>1,131.4</b> | -              | <b>11.6</b> | <b>2,209.0</b>                | <b>610.2</b>                    | <b>2,819.2</b> |
| Non-current liabilities                            |      | 67.6           | 632.6          | -              | -           | 700.3                         | 572.9                           | 1,273.1        |
| Current liabilities                                |      | 105.8          | 216.3          | -              | 34.0        | 356.1                         | 13.0                            | 369.0          |
| <b>Total liabilities</b>                           |      | <b>173.5</b>   | <b>848.9</b>   | -              | <b>34.0</b> | <b>1,056.3</b>                | <b>585.9</b>                    | <b>1,642.2</b> |



## Note 3 | Revenues

| USD million   | Quarters     |               | First Half-Year |               | Full year      |
|---|--------------|---------------|-----------------|---------------|----------------|
|   | Q2 2023      | Q2 2022       | 2023            | 2022          | 2022           |
| Sale of oil   | 37.4         | 307.6         | 245.2           | 546.6         | 1,061.1        |
| Sale of gas   | 17.6         | 43.4          | 68.5            | 132.0         | 281.1          |
| Sale of natural gas liquids (NGL)                   | 2.6          | 8.4           | 12.2            | 19.2          | 29.1           |
| Tariff income                                       | 0.7          | 1.1           | 1.4             | 2.2           | 5.8            |
| <b>Total revenues from contracts with customers</b> | <b>58.3</b>  | <b>360.6</b>  | <b>327.2</b>    | <b>700.0</b>  | <b>1,377.0</b> |
| Sale of oil (boepd)                                 | 5,732        | 33,067        | 18,442          | 31,623        | 32,273         |
| Sale of gas (boepd)                                 | 2,931        | 4,787         | 4,169           | 5,066         | 4,800          |
| Sale of natural gas liquids (NGL) (boepd)           | 990          | 1,422         | 1,413           | 1,637         | 1,370          |
| <b>Total sales volume (boepd)</b>                   | <b>9,654</b> | <b>39,276</b> | <b>24,025</b>   | <b>38,326</b> | <b>38,444</b>  |

Oil revenues from Kurdistan during Q2 2023 was related to local sales of oil previously placed in storage due to export pipeline closure as described under the "Risks and uncertainty" section.

## Note 4 | Cost of goods sold/ Inventory

| USD million                                       | Quarters     |               | First Half-Year |               | Full-Year     |
|---|--------------|---------------|-----------------|---------------|---------------|
|   | Q2 2023      | Q2 2022       | 2023            | 2022          | 2022          |
| Lifting costs                                     | -45.1        | -47.7         | -106.4          | -98.5         | -222.1        |
| Tariff and transportation expenses                | -5.9         | -7.6          | -14.2           | -14.2         | -30.2         |
| <b>Production costs based on produced volumes</b> | <b>-50.9</b> | <b>-55.3</b>  | <b>-120.6</b>   | <b>-112.7</b> | <b>-252.3</b> |
| Movement in overlift/underlift                    | 4.4          | -0.3          | 13.8            | 13.6          | 8.1           |
| <b>Production costs based on sold volumes</b>     | <b>-46.6</b> | <b>-55.6</b>  | <b>-106.7</b>   | <b>-99.1</b>  | <b>-244.2</b> |
| Depreciation, depletion and amortization          | -10.2        | -48.1         | -54.8           | -99.6         | -216.7        |
| <b>Total cost of goods sold</b>                   | <b>-56.8</b> | <b>-103.7</b> | <b>-161.6</b>   | <b>-198.7</b> | <b>-460.9</b> |

The lifting costs in full-year 2022 included a provision for obsolete inventory of USD 2.9 million related to North Sea.

| USD million            | At 30 Jun   |             | At 31 Dec   |
|------------------------|-------------|-------------|-------------|
|                        | 2023        | 2022        | 2022        |
| Spare parts            | 66.6        | 40.4        | 47.0        |
| <b>Total inventory</b> | <b>66.6</b> | <b>40.4</b> | <b>47.0</b> |

Book value of inventory as of the reporting date relates to Kurdistan (USD 54.9 million) and the North Sea (USD 11.8 million).

## Note 5 | Exploration expenses

| USD million  | Quarters     |              | First Half-Year |              | Full-Year    |
|--|--------------|--------------|-----------------|--------------|--------------|
|  | Q2 2023      | Q2 2022      | 2023            | 2022         | 2022         |
| Exploration expenses (G&G and field surveys)                   | -3.6         | -2.6         | -6.3            | -5.3         | -10.2        |
| Seismic costs  | -2.8         | -1.3         | -3.1            | -1.8         | -18.5        |
| Exploration cost capitalized in previous years carried to cost | -            | -3.4         | -               | -3.4         | -3.9         |
| Exploration costs capitalized this year carried to cost        | -6.6         | -36.0        | -6.5            | -35.1        | -48.3        |
| Other exploration cost expensed                                | -3.5         | -4.3         | -7.1            | -7.9         | -15.6        |
| <b>Total exploration expenses</b>                              | <b>-16.5</b> | <b>-47.7</b> | <b>-23.0</b>    | <b>-53.5</b> | <b>-96.5</b> |

## Note 6 | Income taxes

| USD million                      | Quarters    |             | First Half-Year |              | Full-Year   |
|----------------------------------|-------------|-------------|-----------------|--------------|-------------|
|                                  | Q2 2023     | Q2 2022     | Q2 2023         | Q2 2022      | 2022        |
| <b>Tax income/-expense</b>       |             |             |                 |              |             |
| Change in deferred taxes         | -31.9       | 45.5        | -57.8           | 12.1         | 162.9       |
| Income tax receivable/-payable   | 29.1        | -23.1       | -15.8           | -56.6        | -124.5      |
| <b>Total tax income/-expense</b> | <b>-2.7</b> | <b>22.3</b> | <b>-73.6</b>    | <b>-44.6</b> | <b>38.4</b> |

| USD million                                 | At 30 Jun     |               | At 31 Dec    |
|---|---------------|---------------|--------------|
|   | 2023          | 2022          | 2022         |
| <b>Income tax receivable/-payable</b>       |               |               |              |
| Tax receivables (non-current)               | -             | 14.3          | -            |
| Tax receivables (current)                   | 27.2          | 19.0          | 25.8         |
| Income taxes payable                        | -5.9          | -47.6         | -125.7       |
| <b>Net tax receivable/-payable</b>          | <b>21.2</b>   | <b>-14.4</b>  | <b>-99.9</b> |
| <b>Deferred tax assets/-liabilities</b>     |               |               |              |
| Deferred tax assets                         | -             | 11.2          | -            |
| Deferred tax liabilities                    | -115.5        | -221.4        | -62.4        |
| <b>Net deferred tax assets/-liabilities</b> | <b>-115.5</b> | <b>-210.3</b> | <b>-62.4</b> |

The tax balances relate to the activity on the Norwegian Continental Shelf (NCS) and the UK Continental Shelf (UKCS). The current tax receivable relates to tax refunds of decommissioning spend on the UKCS received during August 2023. The current income tax payable relates to taxable profits in 2023 on the NCS and is net of a tax refund of USD 6.2 million to be received in November 2023.

Under the terms of the Production Sharing Contracts (PSC) in the Kurdistan region of Iraq, the Company's subsidiary, DNO Iraq AS, is not required to pay any corporate income taxes. The share of profit oil of which the government is entitled to is deemed to include a portion representing the notional corporate income tax paid by the government on behalf of DNO. Current and deferred taxation arising from such notional corporate income tax is not calculated for Kurdistan as there is uncertainty related to the tax laws of the Kurdistan Regional Government (KRG) and there is currently no well-established tax regime for international oil companies. This is an accounting presentational issue and there is no corporate income tax required to be paid.

Profits/-losses by Norwegian companies from upstream activities outside of Norway are not taxable/deductible in Norway in accordance with the General Tax Act, section 2-39. Under these rules, only certain financial income and expenses are taxable in Norway.

## Note 7 | Intangible assets/ Property, plant and equipment (PP&E)

| USD million  | Quarters |         | First Half-Year |        | Full-Year |
|--|----------|---------|-----------------|--------|-----------|
|  | Q2 2023  | Q2 2022 | 2023            | 2022   | 2022      |
| Additions of intangible assets                                   | 28.1     | 36.4    | 45.4            | 50.9   | 74.6      |
| Transfers to/-from intangible assets                             | -3.1     | -131.2  | -3.1            | -131.2 | -132.6    |
| Additions of tangible assets                                     | 45.0     | 115.2   | 101.6           | 182.3  | 326.1     |
| Transfers to/-from tangible assets                               | 3.1      | 131.2   | 3.1             | 131.2  | 132.6     |
| Additions of right-of-use (RoU) assets                           | 10.5     | 1.4     | 10.5            | 1.4    | 1.9       |
| Depreciation, depletion and amortization (Note 4)                | -10.2    | -48.1   | -54.8           | -99.6  | -216.7    |
| Impairment oil and gas assets                                    | -        | -127.2  | -               | -127.2 | -371.3    |
| Exploration cost previously capitalized carried to cost (Note 5) | -6.6     | -39.5   | -6.5            | -38.5  | -52.2     |

### Book values at the end of the reporting dates

| USD million                                     | At 30 Jun |         | At 31 Dec |
|---|-----------|---------|-----------|
|   | 2023      | 2022    | 2022      |
| Goodwill  | 51.9      | 65.8    | 56.1      |
| Other intangible assets                         | 124.2     | 84.9    | 97.2      |
| Tangible assets (presented as part of the PP&E) | 1,120.0   | 1,298.6 | 1,097.9   |
| RoU assets (presented as part of the PP&E)      | 18.0      | 15.6    | 10.7      |

Additions of intangible assets are related to exploration and evaluation expenditures (successful efforts method), license interests and administrative software. Additions of tangible assets are related to oil and gas development and production assets including changes in estimate of asset retirement, and other tangible assets. Additions of right-of-use (RoU) assets are related to lease contracts under IFRS 16 *Leases*, see Note 11.

See also section under "Risks and uncertainty" for a description regarding the ITP closure.

## Note 8 | Investment in Joint Venture

### General information

In October 2022, DNO acquired Mondoil Enterprises LLC (Mondoil Enterprises) and its 33.33 percent indirect interest in privately-held Foxtrot International LDC (Foxtrot International) whose principal assets are operated stakes in offshore production of gas and associated liquids in Côte d'Ivoire. Foxtrot International holds a 27.27 percent interest in and operatorship of Block CI-27 containing reserves of gas, produced together with condensate and oil, from four offshore fields tied back to two fixed platforms. Foxtrot International also operates an exploration license offshore Côte d'Ivoire, Block CI-12 in which it holds a 24 percent interest.

The provisional fair values from the PPA performed at yearend 2022, were based on currently available information about fair values as of the completion date (11 October 2022). If new information becomes available within 12 months from the completion date (measurement period), the Group may change the fair value assessment in the PPA. Eventual changes in fair values will be recorded retrospectively from the completion date.

### Financial information of Foxtrot International

The Company's indirect 33.33 percent interest in Foxtrot International is treated in accordance with IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures* (i.e., the Group's interest in Mondoil Côte d'Ivoire/Foxtrot International is accounted for using the equity method) and disclose in the table below the summarised financial information of Foxtrot International as an associate/joint venture (IAS 28) in terms of summarised financial information.

| Foxtrot International's summarized statement of financial position<br>USD million | At 30 Jun<br>2023 | At 31 Dec<br>2022 |
|---|-------------------|-------------------|
| Non-current assets  | 204.0             | 216.5             |
| Current assets  | 54.4              | 67.3              |
| <b>Total assets</b>   | <b>258.4</b>      | <b>283.7</b>      |
| Non-current liabilities   | 67.1              | 67.1              |
| Current liabilities   | 26.2              | 30.0              |
| <b>Total liabilities</b>  | <b>93.3</b>       | <b>97.2</b>       |
| <b>Equity</b>   | <b>165.0</b>      | <b>186.6</b>      |
| <b>Group's share of net assets (33.33 percent)</b>                                | <b>55.0</b>       | <b>62.2</b>       |
| Goodwill  | 0.8               | 0.8               |
| Fair value uplift on PP&E and ARO (net of related deferred tax)                   | 11.5              | 13.0              |
| <b>Carrying amount Investment in Joint Venture</b>                                | <b>67.3</b>       | <b>76.1</b>       |

| Foxtrot International's summarized statement of comprehensive income*<br>USD million | Quarter<br>Q2 2023 | First<br>Half-Year<br>2023 |
|--|--------------------|----------------------------|
| Revenues*  | 18.7               | 40.9                       |
| Expenses   | -4.2               | -8.2                       |
| Depreciation*  | -6.5               | -19.6                      |
| Other income/finance income  | 1.9                | 4.3                        |
| Tax income/-expense  | -                  | -                          |
| <b>Net profit/-loss</b>  | <b>9.9</b>         | <b>17.4</b>                |
| <b>Group's share of net profit (33.33 percent)</b>                                   | <b>3.3</b>         | <b>5.8</b>                 |
| Depletion of fair value uplift of PP&E and ARO (net of related deferred tax)         | -0.3               | -0.7                       |
| <b>Share of profit/-loss from Joint Venture</b>                                      | <b>3.0</b>         | <b>5.1</b>                 |

\* Items related to first half-year include prior year adjustments.

## Note 8 | Investment in Joint Venture

Movement of investment carrying amount

| Movement in the carrying amount of Investment in Joint Venture<br>USD million | At 30 Jun<br>2023 | At 31 Dec<br>2022 |
|---|-------------------|-------------------|
| Opening balance   | 76.1              | 77.5              |
| Share of profit/-loss from Joint Venture                                      | 5.1               | 6.0               |
| Equity contribution into Joint Venture  | 3.4               | 4.2               |
| Dividends from Joint Venture  | -17.3             | -11.5             |
| <b>Carrying amount Investment in Joint Venture</b>                            | <b>67.3</b>       | <b>76.1</b>       |

## Note 9 | Other non-current receivables/ Trade Receivables

| USD million                                | At 30 Jun<br>2023 | At 31 Dec<br>2022 | At 31 Dec<br>2022 |
|--|-------------------|-------------------|-------------------|
| Other non-current receivables              | -                 | 0.2               | -                 |
| <b>Total other non-current receivables</b> | <b>-</b>          | <b>0.2</b>        | <b>-</b>          |
| Trade debtors                              | 327.4             | 345.7             | 311.8             |
| Underlift                                  | 21.3              | 19.0              | 14.0              |
| Other short-term receivables               | 72.9              | 85.3              | 111.9             |
| <b>Total trade and other receivables</b>   | <b>421.6</b>      | <b>450.0</b>      | <b>437.8</b>      |

As of 30 June 2023, the invoices related to Kurdistan oil deliveries for the months October 2022 through March 2023 and the balance related to the September 2022 invoice (USD 317.4 million) are overdue. Moreover, the KRG has proposed, effective from 1 September 2022, a change in the agreed pricing formula for oil sales such that prices should be based on the purported price realized by KRG during the delivery month rather than dated Brent. The KRG proposal has not been accepted by DNO and the Company continued to invoice the KRG for oil sales based on dated Brent. For the September 2022 the KRG nonetheless unilaterally applied the new, proposed price. The Company has requested payment of the full invoiced amount. The Company estimates that using the KRG proposed prices, the impact of the change in pricing would have resulted in approximately USD 32 million lower revenues compared to the reported September 2022 through March 2023 Kurdistan revenues.

The Company is in continuing dialogue with the KRG to resolve these matters and to collect outstanding receivables. Prolonged ITP shutdown, as described under the "Risks and uncertainty" section, and non-payment of overdue KRG receivables will increase the Company's exposure to credit risk and thus increase the risk for incurring expected credit losses (ELC).

The underlift receivable as of the reporting date relates to North Sea underlifted volumes. Other short-term receivables mainly relate to items of working capital in licenses in Kurdistan and the North Sea and accrual for earned income not invoiced in the North Sea.

## Note 10 | Interest-bearing liabilities

### Interest-bearing liabilities

| USD million   | Ticker | Facility<br>currency | Facility<br>amount/limit | Interest  | Maturity  | At 30 Jun    |              | At 31 Dec    |
|---|--------|----------------------|--------------------------|-----------|-----------|--------------|--------------|--------------|
|   |        |                      |                          |           |           | 2023         | 2022         | 2022         |
| <b>Non-current</b>                                    |        |                      |                          |           |           |              |              |              |
| Bond loan (ISIN NO0010852643)                         | DNO03  | USD                  | 150.7                    | 8.375 %   | 29/05/24  | -            | 176.2        | 131.2        |
| Bond loan (ISIN NO0011088593)                         | DNO04  | USD                  | 400.0                    | 7.875 %   | 09/09/26  | 400.0        | 400.0        | 400.0        |
| Capitalized borrowing issue costs                     |        |                      |                          |           |           | -9.7         | -13.2        | -11.3        |
| Reserve based lending facility                        |        | USD                  | 350.0                    | see below | see below | -            | 95.0         | 26.6         |
| <b>Total non-current interest-bearing liabilities</b> |        |                      |                          |           |           | <b>390.3</b> | <b>658.0</b> | <b>546.4</b> |
| <b>Current</b>  |        |                      |                          |           |           |              |              |              |
| Bond loan (ISIN NO0010852643)                         | DNO03  | USD                  | 150.7                    | 8.375 %   | 29/05/24  | 131.2        | -            | -            |
| Reserve based lending facility                        |        | USD                  | 350.0                    | see below | see below | 35.0         | -            | 8.4          |
| <b>Total current interest-bearing liabilities</b>     |        |                      |                          |           |           | <b>166.2</b> | <b>-</b>     | <b>8.4</b>   |
| <b>Total interest-bearing liabilities</b>             |        |                      |                          |           |           | <b>556.5</b> | <b>658.0</b> | <b>554.8</b> |

### Changes in liabilities arising from financing activities split on cash and non-cash changes

| USD million                              | At 1 Jan<br>2023 | Cash     |              | Non-cash changes |                  | At 30 Jun<br>2023 |
|--|------------------|----------|--------------|------------------|------------------|-------------------|
|  |                  | flows    | Amortization | Currency         | Reclassification |                   |
| Bond loans                               | 531.2            | -        | -            | -                | -131.2           | 400.0             |
| Bond loans (current)                     | -                | -        | -            | -                | 131.2            | 131.2             |
| Borrowing issue costs                    | -11.3            | -        | 1.6          | -                | -                | -9.7              |
| Reserve based lending facility           | 26.6             | -        | -            | -                | -26.6            | -0.0              |
| Reserve based lending facility (current) | 8.4              | -        | -            | -                | 26.6             | 35.0              |
| <b>Total</b>                             | <b>554.8</b>     | <b>-</b> | <b>1.6</b>   | <b>-</b>         | <b>-</b>         | <b>556.5</b>      |

| USD million                    | At 1 Jan<br>2022 | Cash          |              | Non-cash changes |                  | At 30 Jun<br>2022 |
|--------------------------------|------------------|---------------|--------------|------------------|------------------|-------------------|
|                                |                  | flows         | Amortization | Currency         | Reclassification |                   |
| Bond loans                     | 794.9            | -218.7        | -            | -                | -                | 576.2             |
| Borrowing issue costs          | -16.5            | -             | 3.3          | -                | -                | -13.2             |
| Reserve based lending facility | 95.0             | -             | -            | -                | -                | 95.0              |
| <b>Total</b>                   | <b>873.4</b>     | <b>-218.7</b> | <b>3.3</b>   | <b>-</b>         | <b>-</b>         | <b>658.0</b>      |

Facility and carrying amount for the bonds is shown net of bonds held by the Company.

The Group has a reserve-based lending (RBL) facility for its Norway and UK production licenses with a total facility limit of USD 350 million which is available for both debt and issuance of letters of credit. In addition, there is an uncommitted accordion option of USD 350 million. The borrowing base amount of the facility from 1 July 2023 is USD 46.0 million. Amount utilized as of the reporting date is disclosed in the table above. In addition, USD 31.4 million is utilized in respect of letters of credit.

For additional information about the Group's interest-bearing liabilities, refer to the DNO ASA Annual Report and Accounts 2022.

## Note 11 | Provisions for other liabilities and charges/ Lease liabilities

| USD million   | At 30 Jun    |              | At 31 Dec    |
|---|--------------|--------------|--------------|
|   | 2023         | 2022         | 2022         |
| <b>Non-current</b>  |              |              |              |
| Asset retirement obligations (ARO)                                    | 354.4        | 380.6        | 368.2        |
| Other long-term provisions and charges                                | 5.5          | 5.0          | 4.9          |
| Lease liabilities   | 14.2         | 8.1          | 6.5          |
| <b>Total non-current provisions for other liabilities and charges</b> | <b>374.2</b> | <b>393.7</b> | <b>379.6</b> |
| <b>Current</b>  |              |              |              |
| Asset retirement obligations (ARO)                                    | 7.0          | 44.5         | 20.5         |
| Other provisions and charges  | 29.4         | 31.0         | 39.8         |
| Current lease liabilities   | 4.1          | 12.7         | 6.8          |
| <b>Total current provisions for other liabilities and charges</b>     | <b>40.5</b>  | <b>88.1</b>  | <b>67.0</b>  |
| <b>Total provisions for other liabilities and charges</b>             | <b>414.7</b> | <b>481.9</b> | <b>446.6</b> |

### Asset retirement obligations

The provisions for ARO are based on the present value of estimated future cost of decommissioning oil and gas assets in Kurdistan and the North Sea. The discount rates before tax applied were between 4.5 percent and 4.8 percent.

### Non-cancellable lease commitments

The recognized lease liabilities in the balance sheet are mainly related to office rent. The identified lease liabilities have no significant impact on the Group's financing, loan covenants or dividend policy. The Group does not have any residual value guarantees. Extension options are included in the lease liability when, based on the management's judgement, it is reasonably certain that an extension will be exercised. Non-lease components are not included as part of the lease liabilities.

### Undiscounted lease liabilities and maturity of cash outflows (non-cancellable):

| USD million   | At 30 Jun   |             | At 31 Dec   |
|---|-------------|-------------|-------------|
|   | 2023        | 2022        | 2022        |
| Within one year   | 4.6         | 13.6        | 7.0         |
| Two to five years   | 12.9        | 9.0         | 6.5         |
| After five years  | -           | -           | -           |
| <b>Total undiscounted lease liabilities end of the period</b> | <b>17.4</b> | <b>22.6</b> | <b>13.5</b> |

The table above summarizes the Group's maturity profile of the lease liabilities based on contractual undiscounted payments.



## Note 12 | Trade and other payables

| USD million                           | At 30 Jun    |              | At 31 Dec    |
|---------------------------------------|--------------|--------------|--------------|
|                                       | 2023         | 2022         | 2022         |
| Trade payables                        | 87.0         | 79.7         | 62.7         |
| Public duties payable                 | 3.3          | 2.2          | 4.1          |
| Prepayments from customers            | 22.0         | 9.6          | 12.7         |
| Overlift                              | 3.1          | 7.7          | 9.0          |
| Other accrued expenses                | 115.9        | 134.1        | 155.7        |
| <b>Total trade and other payables</b> | <b>231.3</b> | <b>233.3</b> | <b>244.1</b> |

Trade payables are non-interest bearing and normally settled within 30 days.

Trade payables and other accrued expenses include items of working capital related to participation in oil and gas licenses in Kurdistan and the North Sea, and prepayment from customers related to oil sales in the North Sea.

The overlift payable relates to North Sea overlifted volumes, valued at production cost including depreciation

## Note 13 | Subsequent events after the reporting date

### Discovery at the Carmen prospect

On 10 July 2023, the Company announced a significant gas and condensate discovery on the Carmen prospect in the Norwegian North Sea license PL1148 in which the Company holds a 30 percent interest. Preliminary evaluation of comprehensive data, including cores and fluid samples, acquired from the discovery well and a follow-on extended sidetrack indicates gross recoverable resources in the range of 120-230 million barrels of oil equivalent (MMboe) on a P90-P10 basis. DNO farmed into PL1148 in 2022 through its wholly-owned subsidiary DNO Norge AS. The other partners in the license are Wellesley Petroleum AS as operator with 50 percent interest and Equinor Energy AS and Aker BP ASA with 10 percent each.

### Update regarding Yemen Block 43 dispute with Ministry of Oil and Minerals of Yemen (MOM)

As reported in the DNO ASA Annual Report and Accounts 2022, in 2021, MOM filed an arbitration claim against DNO's subsidiary DNO Yemen AS for allegedly over-recovered costs of USD 17.2 million from the Ministry in 2014 and 2015. On 24 July 2023, the arbitral award was rendered in favor of DNO Yemen AS dismissing all claims by MOM and ordering MOM to pay all of DNO Yemen AS's legal fees and court administrative costs. DNO has previously not made any provisions for liabilities related to this dispute.

## Alternative performance measures

DNO discloses alternative performance measures (APMs) as a supplement to the Group's financial statements prepared based on issued guidelines from the European Securities and Markets Authority (ESMA). The Company believes that the APMs provide useful supplemental information to management, investors, securities analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of DNO's business operations, financing and future prospects and to improve comparability between periods. Reconciliations of relevant APMs, definitions and explanations of the APMs are provided below.

### EBITDA

| USD million                              | Quarters    |              | First Half-Year |              | Full-Year      |
|--|-------------|--------------|-----------------|--------------|----------------|
|  | Q2 2023     | Q2 2022      | 2023            | 2022         | 2022           |
| Revenues                                 | 58.3        | 360.6        | 327.2           | 700.0        | 1,377.0        |
| Lifting costs                            | -45.1       | -47.7        | -106.4          | -98.5        | -222.1         |
| Tariff and transportation                | -5.9        | -7.6         | -14.2           | -14.2        | -30.2          |
| Movement in overlift/underlift           | 4.4         | -0.3         | 13.8            | 13.6         | 8.1            |
| Share of profit/-loss from Joint Venture | 3.0         | -            | 5.1             | -            | 6.0            |
| Exploration expenses                     | -16.5       | -47.7        | -23.0           | -53.5        | -96.5          |
| Administrative expenses                  | -2.7        | -2.5         | -6.9            | -5.2         | -17.9          |
| Other operating income/expenses          | -0.3        | 1.4          | -0.4            | 1.6          | -5.0           |
| <b>EBITDA</b>                            | <b>-4.8</b> | <b>256.1</b> | <b>195.2</b>    | <b>543.8</b> | <b>1,019.5</b> |

### EBITDAX

| USD million          | Q2 2023     | Q2 2022      | 2023         | 2022         | 2022           |
|----------------------|-------------|--------------|--------------|--------------|----------------|
| EBITDA               | -4.8        | 256.1        | 195.2        | 543.8        | 1,019.5        |
| Exploration expenses | 16.5        | 47.7         | 23.0         | 53.5         | 96.5           |
| <b>EBITDAX</b>       | <b>11.7</b> | <b>303.8</b> | <b>218.2</b> | <b>597.4</b> | <b>1,116.0</b> |

### Lifting costs

|                                | Q2 2023     | Q2 2022    | 2023        | 2022       | 2022       |
|--------------------------------|-------------|------------|-------------|------------|------------|
| Lifting costs (USD million)    | -45.1       | -47.7      | -106.4      | -98.5      | -222.1     |
| Net production (MMboe)*        | 1.0         | 8.4        | 8.7         | 16.7       | 34.3       |
| <b>Lifting costs (USD/boe)</b> | <b>45.5</b> | <b>5.7</b> | <b>12.2</b> | <b>5.9</b> | <b>6.5</b> |

\* For accounting purposes, the net production from equity accounted investments is excluded.

### Capital expenditures

|                                | Q2 2023      | Q2 2022       | 2023          | 2022          | 2022          |
|--------------------------------|--------------|---------------|---------------|---------------|---------------|
| Purchases of intangible assets | -28.1        | -36.4         | -45.4         | -50.9         | -74.6         |
| Purchases of tangible assets*  | -45.0        | -77.5         | -101.6        | -144.6        | -300.2        |
| <b>Capital expenditures</b>    | <b>-73.1</b> | <b>-113.9</b> | <b>-147.0</b> | <b>-195.5</b> | <b>-374.8</b> |

\* Excludes estimate changes on asset retirement obligations.

## Alternative performance measures

### Operational spend

| USD million  | Quarters      |               | First Half-Year |               | Full-Year     |
|--|---------------|---------------|-----------------|---------------|---------------|
|  | Q2 2023       | Q2 2022       | 2023            | 2022          | 2022          |
| Lifting costs  | -45.1         | -47.7         | -106.4          | -98.5         | -222.1        |
| Tariff and transportation expenses                               | -5.9          | -7.6          | -14.2           | -14.2         | -30.2         |
| Exploration expenses   | -16.5         | -47.7         | -23.0           | -53.5         | -96.5         |
| Exploration cost previously capitalized carried to cost (Note 5) | 6.6           | 39.5          | 6.5             | 38.5          | 52.2          |
| Purchases of intangible assets                                   | -28.1         | -36.4         | -45.4           | -50.9         | -74.6         |
| Purchases of tangible assets                                     | -45.0         | -77.5         | -101.6          | -144.6        | -300.2        |
| Payments for decommissioning                                     | -8.9          | -19.9         | -14.7           | -33.6         | -70.0         |
| <b>Operational spend</b>   | <b>-142.8</b> | <b>-197.4</b> | <b>-298.8</b>   | <b>-356.8</b> | <b>-741.4</b> |

### Free cash flow

| USD million                                     | Q2 2023       | Q2 2022      | 2023          | 2022         | 2022         |
|---|---------------|--------------|---------------|--------------|--------------|
| Net cash from/-used in operating activities     | -68.0         | 300.4        | 38.4          | 547.3        | 1,056.3      |
| Capital expenditures                            | -73.1         | -113.9       | -147.0        | -195.5       | -374.8       |
| Payments for decommissioning                    | -8.9          | -19.9        | -14.7         | -33.6        | -70.0        |
| Equity contribution into Joint Venture (Note 8) | -1.3          | -            | -3.4          | -            | -4.2         |
| Dividends from Joint Venture (Note 8)           | 7.1           | -            | 17.3          | -            | 11.5         |
| <b>Free cash flow</b>                           | <b>-144.2</b> | <b>166.5</b> | <b>-109.4</b> | <b>318.2</b> | <b>618.8</b> |

### Equity ratio

| USD                 | 2023         | 2022         | 2022         |
|---------------------|--------------|--------------|--------------|
| Equity              | 1,315.8      | 1,177.1      | 1,369.4      |
| Total assets        | 2,639.7      | 2,819.2      | 2,803.0      |
| <b>Equity ratio</b> | <b>49.8%</b> | <b>41.8%</b> | <b>48.9%</b> |

### Net debt

| USD million   | 2023         | 2022         | 2022         |
|---|--------------|--------------|--------------|
| Cash and cash equivalents (including restricted cash) | 742.9        | 800.6        | 954.3        |
| Bond loans and reserve based lending (Note 10)        | 566.2        | 671.2        | 566.2        |
| <b>Net cash/-debt</b>                                 | <b>176.8</b> | <b>129.5</b> | <b>388.2</b> |

# Alternative performance measures

## Definitions and explanations of APMs

ESMA issued guidelines on APMs that came into effect on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

### EBITDA (Earnings before interest, tax, depreciation and amortization)

EBITDA, as reconciled above, can be found by excluding the DD&A and impairment of oil and gas assets from the profit/-loss from operating activities. Management believes that this measure provides useful information regarding the Group's ability to fund its capital investments and provides a helpful measure for comparing its operating performance with those of other companies.

### EBITDAX (Earnings before interest, tax, depreciation, amortization and exploration expenses)

EBITDAX, as reconciled above, can be found by excluding the exploration expenses from the EBITDA. Management believes that this measure provides useful information regarding the Group's profitability and ability to fund its exploration activities and provides a helpful measure for comparing its performance with those of other companies.

### Lifting costs (USD/boe)

Lifting costs comprise of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. DNO's lifting costs per boe are calculated by dividing DNO's share of lifting costs across producing assets by net production for the relevant period. Management believes that the lifting cost per boe is a useful measure because it provides an indication of the Group's level of operational cost effectiveness between time periods and with those of other companies.

### Capital expenditures

Capital expenditures comprise the purchase of intangible and tangible assets irrespective of whether paid in the period. Management believes that this measure is useful because it provides an overview of capital investments used in the relevant period.

### Operational spend

Operational spend is comprised of lifting costs, tariff and transportation expenses, exploration expenses, capital expenditures and payments for decommissioning. Management believes that this measure is useful because it provides a complete overview of the Group's total operational costs, capital investments and payments for decommissioning used in the relevant period.

### Equity ratio

The equity ratio is calculated by dividing total equity by the total assets. Management uses the equity ratio to monitor its capital and financial covenants (see Note 9 in the consolidated accounts). The equity ratio also provides an indication of how much of the Group's assets are funded by equity.

### Free cash flow

Free cash flow comprises net cash from/-used in operating activities less capital expenditures, payments for decommissioning and net cash received/-paid from equity accounted investments. Management believes that this measure is useful because it provides an indication of the profitability of the Group's operating activities excluding the non-cash items of the income statement and includes operational spend. This measure also provides a helpful measure for comparing with that of other companies.

### Net debt

Net debt comprises cash and cash equivalents less bond loans and reserve based lending facility. Management believes that net debt is a useful measure because it provides indication of the minimum necessary debt financing (if the figure is negative) to which the Group is subject at the reporting date.





DNO ASA  
Dokkveien 1  
N-0250 Oslo  
Norway

Phone: (+47) 23 23 84 80  
Fax: (+47) 23 23 84 81

**dno.no**