DNO ASA
Interim Results
Second Quarter 2024

DNO
EST - 1971

Key figures

USD million	Q2 2024	Quarters Q1 2024	Q2 2023	First Half-Year 2024	2023	Full-Year 2023
Key financials						
Revenues	137.0	182.7	58.3	319.6	327.2	667.5
EBITDAX	96.6	118.6	11.7	215.1	218.2	431.5
EBITDA	82.2	110.4	-4.8	192.6	195.2	383.8
Operating profit/-loss	-3.2	60.6	-15.0	57.4	140.4	218.3
Net profit/-loss	34.5	16.8	-18.5	51.3	68.9	18.6
Free cash flow	15.6	43.6	-144.2	59.2	-109.4	-86.9
Operational spend	125.0	113.2	142.8	238.2	298.8	561.9
Net cash/- debt	158.1	171.5	176.8	158.1	176.8	152.7
Lifting costs (USD/boe)	5.4	6.6	45.5	6.0	12.2	10.7
Key operational data						
Gross operated production (boepd)	79,783	76,310	65	78,046	47,131	46,500
Net production (boepd)	79,415	74,772	14,417	77,809	51,701	52,566
Sales volume (boepd)	30,038	38,214	9,654	34,126	24,025	28,885

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

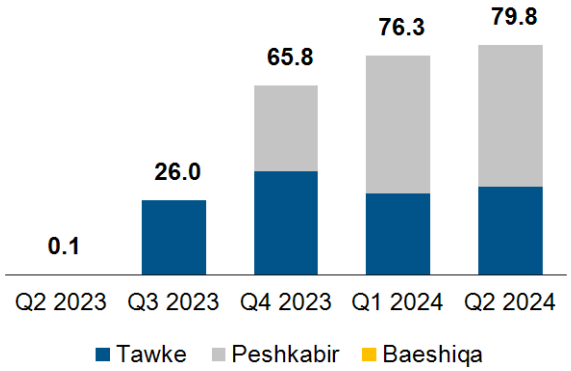
Q2 2024 highlights

- Net production continued to increase and averaged 79,400 barrels of oil equivalent per day (boepd) in the quarter, of which Kurdistan 59,800 boepd, North Sea 16,300 boepd and West Africa 3,300 boepd
- Kurdistan gross operated production totaled 79,800 bopd, of which Peshkabir field contributed 49,100 bopd and Tawke field 30,700 bopd
- DNO's exploration success in the North Sea continues with the Cuvette (DNO 20 percent) discovery announced in the quarter
- On Baeshiqa (DNO 64 percent), a 72-day testing program has commenced on the newly drilled B-3 well
- Revenue decline since the previous quarter due to underlift and lower prices in North Sea and lower entitlement production in Kurdistan
- Recognition of deferred tax asset related to the Arran acquisition which completed during the quarter, resulted in an impairment of goodwill. However, the overall book value recognized is USD 20 million higher than the consideration
- Strong operational cash flow of USD 139 million, up from USD 100 million in the previous quarter
- New USD 400 million five-year bond with coupon rate of 9.25 percent and USD 50 million buyback of DNO04
- The balance sheet remains strong with an equity ratio of 42 percent as the Company exited the quarter with cash deposits of USD 943 million and net cash of USD 158 million
- Dividend of NOK 0.25 per share (totaling USD 23 million) paid during the quarter

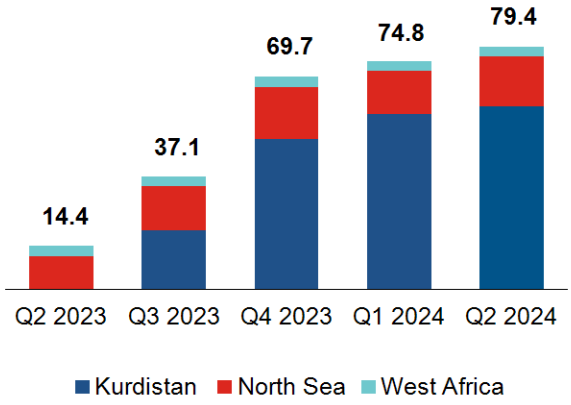
Cover image: In mid-2024, DNO celebrated the 20th anniversary of the signing of its first production sharing contracts in the Kurdistan region of Iraq. Memorabilia were made for the occasion.

Operational review

Gross operated production
(Thousand bopd)



Net production
(Thousand boepd)



Gross production from the Company's operated licenses in Kurdistan increased to an average of 79,783 barrels of oil per day (bopd) during the second quarter, representing a 5% increase from the previous quarter (76,310 bopd). The increase is mainly due to the start-up of three wells drilled during 2023, which were completed during the quarter.

Net production during the second quarter stood at 79,415 barrels of oil equivalent per day (boepd), up from 74,772 boepd in the previous quarter. In Kurdistan, net production averaged 59,837 bopd, up from 57,232 bopd in the previous quarter and North Sea averaged 16,321 boepd, up from 14,217 boepd in the previous quarter. In addition, the Company's West Africa gas asset offshore Côte d'Ivoire averaged 3,256 boepd, down from 3,323 boepd in the previous quarter. The increase in net production compared to the previous quarter was mainly driven by higher production from Kurdistan. In the North Sea the increase was mainly due to inclusion of the Arran field after completion of the acquisition on 15 May and higher uptime on the Tambar oil field.

Net entitlement (NE) production averaged 33,489 boepd during the second quarter, down from 34,721 boepd in the previous quarter.

Sales volume averaged 30,038 boepd during the second quarter, down from 38,214 boepd in the previous quarter. The decrease in sales volume was partly related to the Tawke license and follows the reduction in net entitlement production and significantly lower liftings in the North Sea. The net underlift position was 0.41 million barrels of oil equivalent (MMboe) as of end-Q2 (Q1 2024: 0.11 MMboe).

Gross operated production

	Quarters			First Half-Year		Full-Year
boepd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	79,783	76,310	65	78,046	47,131	46,500
North Sea	0	-	-	-	-	-
Total	**79,783**	**76,310**	**65**	**78,046**	**47,131**	**46,500**

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

Net production

	Quarters			First Half-Year		Full-Year
boepd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	59,837	57,232	41	58,535	35,298	34,850
North Sea	16,321	14,217	10,844	15,985	12,799	14,203
Sub-total	**76,159**	**71,449**	**10,885**	**74,520**	**48,097**	**49,053**
West Africa	3,256	3,323	3,532	3,289	3,604	3,513
Sub-total	**3,256**	**3,323**	**3,532**	**3,289**	**3,604**	**3,513**
Total	**79,415**	**74,772**	**14,417**	**77,809**	**51,701**	**52,566**

Net production is based on DNO's percentage ownership in the licenses. West Africa segment is equity accounted.

Net entitlement (NE) production

	Quarters			First Half-Year		Full-Year
boepd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	17,167	20,503	598	18,835	11,583	14,806
North Sea	16,321	14,217	10,841	15,985	12,797	14,203
Total	**33,489**	**34,721**	**11,438**	**34,821**	**24,380**	**29,009**

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

Sales volume

	Quarters			First Half-Year		Full-Year
boepd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	17,167	20,503	598	18,835	11,583	14,806
North Sea	12,871	17,710	9,056	15,291	12,441	14,078
Total	**30,038**	**38,214**	**9,654**	**34,126**	**24,025**	**28,885**

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

Activity overview

Kurdistan region of Iraq

Tawke license

Gross production from the DNO-operated Tawke license, containing the Tawke and Peshkabir fields averaged 79,783 bopd during the second quarter (76,310 bopd in Q1 2024).

The Tawke field contributed 30,684 bopd (28,379 bopd in Q1 2024) and the Peshkabir field contributed 49,099 bopd (47,931 bopd in Q1 2024) during this period.

DNO increased spending in Kurdistan during the quarter to optimize production from existing wells at Tawke license, raising gross output from the Tawke and Peshkabir fields to an average of 83,500 boepd in the first half of the third quarter, up five percent from the second quarter and nine percent from the first quarter of 2024. In addition to placing previously drilled wells into production to help address natural field decline, DNO prepares to mobilize a rig to drill the first new well on the license since early 2023.

As the export pipeline remains shut, Kurdistan sales to local traders continue at prices in the upper USD 30s per barrel with payment in advance to our international bank accounts.

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

Baeshiqa license

Due to the closure of the export pipeline, the DNO-operated Baeshiqa license has not been in production since mid-2023. During the second quarter of 2024, DNO continued to drill the B-3 well on the license. Following the end of the quarter, drilling operations were brought to a close and a 72-day testing program commenced on the new well.

DNO holds a 64 percent operated interest in the license (80 percent paying interest) with partners being Turkish Energy Company (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:

	Quarters			First Half-Year		Full-Year
bopd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Tawke	23,013	21,284	-	22,148	16,558	19,933
Peshkabir	36,825	35,948	-	36,386	18,452	14,774
Baeshiqa	-	-	41	-	288	143
Total	**59,837**	**57,232**	**41**	**58,535**	**35,298**	**34,850**

North Sea

Net production averaged 16,321 boepd in the North Sea segment during the second quarter (14,217 boepd in Q1 2024), of which 14,344 boepd was in Norway and 1,977 boepd in the United Kingdom (UK) (13,824 boepd and 393 boepd in Q1 2024).

The UK production increase was driven by contributions from the Arran field following completion of DNO's purchase of a 25 percent stake in Arran in mid-May 2024.

In the second quarter the Company announced a discovery in the North Sea on the Cuvette prospect (DNO 20 percent), DNO's eighth discovery since 2021 in the highly prolific area surrounding the Troll and Gjøa production hubs. The other discoveries are Røver Nord, Kveikje, Ofelia, Røver Sør, Heisenberg, Carmen and Kyrre, all close to infrastructure and with clear routes towards commercialization.

DNO expects to spud three more exploration wells in the North Sea in 2024, whereas two other wells that were originally planned for the fall have recently been postponed to 2025 due to revised rig schedules.

Even as it works to bring new discoveries on stream, the Company is adding to its current North Sea production through acquisitions. In the second quarter, the company announced the bolt-on acquisition of Norne area assets in Norway expected to close in the third quarter of 2024.

North Sea production is set to grow significantly next year on back of recent acquisitions, restart of Trym (DNO 50 percent and operator) in the fourth quarter of 2024 and start-up of Andvare (DNO 32 percent), now scheduled for 2025.

Two other ongoing Norwegian field development projects, Bestla (DNO 39 percent) and Berling (DNO 30 percent), are scheduled to contribute to DNO's North Sea production later in the decade.

Net production (boepd) per field in the North Sea:

	Quarters			First Half-Year		Full-Year
boepd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Alve/Marulk	5,534	5,342	3,148	5,438	4,932	5,438
Ula area	3,873	2,986	4,348	3,430	5,181	4,549
Vilje	759	777	1,078	768	1,070	917
Brage	2,723	3,036	1,379	2,880	1,113	1,923
Ringhorne E.	310	342	-	326	1	187
Fenja	1,654	1,711	787	1,683	396	1,114
Arran	1,431	-	-	1,431	-	-
Other	39	23	100	31	104	74
Total	**16,321**	**14,217**	**10,844**	**15,985**	**12,799**	**14,203**

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 3,256 boepd in the second quarter (3,323 boepd in Q1 2024).

	Quarters			First Half-Year		Full-Year
boepd	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Block CI-27	3,256	3,323	3,532	3,289	3,604	3,513
Total	**3,256**	**3,323**	**3,532**	**3,289**	**3,604**	**3,513**

Financial review

Revenues, operating and net results, and cash

Revenues in the second quarter stood at USD 137.0 million, down 25 percent compared to the previous quarter (Q1 2024: USD 182.7 million). Kurdistan generated revenues of USD 56.5 million (Q1 2024: USD 60.2 million), while the North Sea generated revenues of USD 80.4 million (Q1 2024: USD 122.5 million). The main drivers for the revenue decrease were lower sales volumes in the North Sea reflected in the increase in the underlift position and lower entitlement volumes in Kurdistan. The increase in revenue in Q2 2024 compared to Q2 2023 is mainly due to the restart of operations at the Tawke license with local sales following closure of the export pipeline in March 2023.

The Group reported an operating loss of USD 3.2 million in the second quarter, down from an operating profit of USD 60.6 million in the previous quarter mainly due to higher exploration costs expensed and an impairment of goodwill in the current quarter in connection with the recognition of the Arran field acquisition. The impairment is more than offset by recognition of a related deferred tax asset (see Note 13).

Net financial expenses increased to USD 4.7 million (Q1 2024: USD 1.3 million) mainly due to higher unrealized loss on exchange rate fluctuations.

The Group ended the quarter with a cash balance of USD 943.1 million (Q1 2024: USD 606.5 million) and USD 158.1 million in net cash position (Q1 2024: USD 171.5 million). The increase during the quarter is mainly due to the placement of a new USD 400 million bond offset by USD 50 million buy back of the DNO04 bond.

Cost of goods sold

In the second quarter, the cost of goods sold amounted to USD 78.8 million, down from USD 107.5 million in the previous quarter. The decrease was mainly due to an increase in underlift position and lower depreciation.

Lifting costs

Lifting costs stood at USD 37.5 million in the second quarter, down from USD 42.6 million in the previous quarter. In Kurdistan, the average lifting cost was USD 3.8 per barrel, down from USD 4.0 per barrel in the previous quarter driven by higher production. In the North Sea, the average lifting cost stood at USD 13.1 per barrel of oil equivalent (boe), down from USD 17.4 per boe in the previous quarter driven by higher production.

	Quarters			First Half-Year		Full-Year
USD million	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	20.7	20.7	26.3	41.3	63.6	101.7
North Sea	19.4	22.5	18.8	41.9	42.8	89.7
Total	**37.5**	**42.6**	**45.1**	**80.1**	**106.4**	**191.7**

	Quarters			First Half-Year		Full-Year
(USD/boe)	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	3.8	4.0	6,998.4	3.9	10.0	8.0
North Sea	13.1	17.4	19.0	15.1	18.5	-11.5
Average	**5.4**	**6.6**	**45.5**	**6.0**	**12.2**	**7.9**

Depreciation, depletion and amortization (DD&A)

DD&A related to the Group's oil and gas production assets amounted to USD 42.6 million in the second quarter, down from USD 48.4 million in the previous quarter. The decrease in DD&A was mainly driven by a decrease in entitlement volumes in Kurdistan.

	Quarters			First Half-Year		Full-Year
USD million	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	27.3	32.6	0.9	59.8	37.6	96.5
North Sea	15.4	15.8	7.8	31.2	14.3	44.1
Total	**42.6**	**48.4**	**8.7**	**91.0**	**51.9**	**140.6**

	Quarters			First Half-Year		Full-Year
(USD/boe)	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	17.4	17.5	17.2	17.4	17.9	17.8
North Sea	10.4	12.2	7.9	11.2	6.2	8.5
Average	**14.0**	**15.3**	**8.4**	**14.7**	**11.8**	**13.3**

Exploration costs expensed

Exploration costs expensed in the second quarter amounted to USD 14.4 million, up from USD 8.2 million in the previous quarter. The increase in exploration costs expensed compared to the previous quarter was mainly due to increased seismic data purchase.

	Quarters			First Half-Year		Full-Year
USD million	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	-	-	-	-	-	-
North Sea	14.4	8.2	16.5	22.5	23.0	47.7
Total	**14.4**	**8.2**	**16.5**	**22.5**	**23.0**	**47.7**

Capital expenditures

Capital expenditures stood at USD 61.3 million in the second quarter, of which USD 17.3 million were in Kurdistan and USD 43.0 million in the North Sea.

	Quarters			First Half-Year		Full-Year
USD million	**Q2 2024**	**Q1 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Kurdistan	17.3	10.2	20.5	27.5	60.2	73.0
North Sea	43.0	43.9	52.2	86.9	86.1	204.4
Other	1.0	0.2	0.4	1.2	0.7	0.9
Total	**61.3**	**54.3**	**73.1**	**115.6**	**147.0**	**278.3**

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 2023 gives a fair description of key risks and uncertainties that may affect the Group in the second half of 2024 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-Türkiye Pipeline (ITP)
DNO has not been able to export its oil produced in Kurdistan to international markets since 25 March 2023 when the ITP was closed. As of the reporting date, the ITP remains closed and DNO continues to sell its oil to local markets.

Prolonged ITP shutdown will have adverse effects on DNO's financial results, including lower revenues and increase in the credit risk related to the outstanding KRG receivables, but the duration of ITP closure and the extent of these effects over the longer term remains largely uncertain.

The Company continues to monitor the situation, while it continues to engage with the KRG regarding payment of outstanding receivables for previous oil sales.

For further information please refer to the Enterprise Risk section of the 2023 DNO ASA annual report.

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 2024 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, 15 August 2024

Bijan Mossavar-Rahmani
Executive Chairman

Gunnar Hirsti
Deputy Chairman

Elin Karfjell
Director

Anita Hjerkinn Aarnæs
Director

Najmedin Meshkati
Director

Christopher Thomas Hyde Spencer
Managing Director

Consolidated statements of comprehensive income

(unaudited, in USD million)	Note	Quarters Q2 2024	Quarters Q2 2023	First Half-Year 2024	First Half-Year 2023	Full-Year 2023
Revenues	2,3	137.0	58.3	319.6	327.2	667.5
Cost of goods sold	4	-78.8	-56.8	-186.3	-161.6	-364.8
Gross profit		**58.1**	**1.5**	**133.4**	**165.6**	**302.7**
Share of profit/-loss from Joint Venture		2.5	3.0	2.2	5.1	11.9
Other income/-expenses		0.4	0.6	0.4	1.0	1.6
Administrative expenses		-7.4	-2.7	-13.5	-6.9	-23.3
Other operating expenses		-1.2	-0.9	-1.1	-1.4	-7.9
Impairment oil and gas assets	7	-41.3	-	-41.3	-	-24.9
Exploration expenses	5	-14.4	-16.5	-22.5	-23.0	-47.7
Net gain on disposal of licenses	11	-	-	-	-	5.8
Operating profit/-loss		**-3.2**	**-15.0**	**57.4**	**140.4**	**218.3**
Financial income		6.0	17.7	20.7	38.0	45.0
Financial expenses	9,10	-10.7	-18.5	-26.7	-35.9	-112.0
Profit/-loss before income tax		**-7.9**	**-15.8**	**51.4**	**142.5**	**151.3**
Tax income/-expense	6	42.4	-2.7	-0.2	-73.6	-132.7
Net profit/-loss		**34.5**	**-18.5**	**51.3**	**68.9**	**18.6**
Other comprehensive income						
Currency translation differences		4.7	-8.6	-10.0	-25.0	-10.9
Items that may be reclassified to profit or loss in later periods		**4.7**	**-8.6**	**-10.0**	**-25.0**	**-10.9**
Total comprehensive income, net of tax		**39.2**	**-27.1**	**41.3**	**43.9**	**7.7**
Net profit/-loss attributable to:						
Equity holders of the parent		34.5	-18.5	51.3	68.9	18.6
Total comprehensive income attributable to:						
Equity holders of the parent		39.2	-27.1	41.3	43.9	7.7
Earnings per share, basic (USD per share)		0.04	-0.02	0.05	0.07	0.02
Earnings per share, diluted (USD per share)		0.04	-0.02	0.05	0.07	0.02
Weighted average number of shares outstanding (millions)		975.00	975.00	975.00	985.17	980.04

Consolidated statements of financial position

ASSETS (unaudited, in USD million)	Note	At 30 Jun 2024	At 30 Jun 2023	At 31 Dec 2023
Non-current assets				
Deferred tax assets	6	47.6	-	-
Goodwill	7	61.8	51.9	43.2
Other intangible assets	7	220.5	124.2	202.1
Property, plant and equipment	7	1,150.7	1,138.0	1,133.2
Investment in Joint Venture		63.5	67.3	67.9
Other non-current receivables	9	126.9	-	129.8
Total non-current assets		**1,671.0**	**1,381.4**	**1,576.2**
Current assets				
Inventories	8	71.2	66.6	77.8
Trade and other receivables	9	269.2	421.6	265.4
Tax receivables	6	-	27.2	-
Cash and cash equivalents		943.1	742.9	718.8
Total current assets		**1,283.5**	**1,258.3**	**1,062.1**
TOTAL ASSETS		**2,954.5**	**2,639.7**	**2,638.3**

EQUITY AND LIABILITIES (unaudited, in USD million)	Note	At 30 Jun 2024	At 30 Jun 2023	At 31 Dec 2023
Equity				
Shareholders' equity		1,230.4	1,315.8	1,234.8
Total equity		**1,230.4**	**1,315.8**	**1,234.8**
Non-current liabilities				
Deferred tax liabilities	6	230.1	115.5	192.4
Interest-bearing liabilities	10	773.9	390.3	392.0
Provisions for other liabilities and charges	11	397.7	374.2	404.0
Total non-current liabilities		**1,401.7**	**880.0**	**988.4**
Current liabilities				
Trade and other payables	12	257.4	231.3	221.1
Income taxes payable	6	18.7	5.9	4.6
Current interest-bearing liabilities	10	-	166.2	166.2
Provisions for other liabilities and charges	11	46.2	40.5	23.3
Total current liabilities		**322.3**	**443.9**	**415.1**
Total liabilities		**1,724.0**	**1,323.9**	**1,403.5**
TOTAL EQUITY AND LIABILITIES		**2,954.5**	**2,639.7**	**2,638.3**

Consolidated cash flow statement

(unaudited, USD million)	Note	Quarters Q2 2024	Quarters Q2 2023	First Half-Year 2024	First Half-Year 2023	Full-Year 2023
Operating activities						
Profit/-loss before income tax		-7.9	-15.8	51.4	142.5	151.3
Adjustments to add/-deduct non-cash items:						
Exploration cost previously capitalized carried to cost	5	-0.0	6.5	0.0	6.5	6.0
Depreciation, depletion and amortization	4	44.1	10.2	93.9	54.8	146.4
Impairment oil and gas assets	7	41.3	-	41.3	-	24.9
Time value effects on trade receivables	9	-7.8	-	-7.8	-	44.3
Share of profit/-loss from Joint Venture		-2.5	-3.0	-2.2	-5.1	-11.9
Amortization of borrowing issue costs	10	1.4	0.8	2.3	1.6	3.3
Accretion expense on ARO provisions		4.7	4.3	9.4	8.7	17.4
Interest expense		11.1	12.1	20.3	23.8	44.6
Interest income		-8.5	-10.7	-15.6	-18.6	-36.5
Other		1.6	-6.7	-5.3	-19.9	-10.0
Change in working capital items and provisions:						
- Inventories	8	5.3	-12.5	6.7	-19.6	-30.8
- Trade and other receivables	9	-18.4	-5.7	-2.2	15.6	-2.3
- Trade and other payables	12	69.0	45.2	39.4	-12.9	-23.0
- Provisions for other liabilities and charges	11	5.8	-8.9	7.4	-7.0	-28.7
Cash generated from operations		**139.1**	**16.0**	**239.1**	**170.5**	**294.9**
Net income taxes paid/tax refund received		-	-79.9	-	-123.0	-89.5
Interest received		5.9	7.5	10.6	14.0	35.3
Interest paid		-8.9	-11.5	-19.4	-23.0	-46.4
Net cash from/-used in operating activities		**136.1**	**-68.0**	**230.3**	**38.4**	**194.1**
Investing activities						
Purchases of intangible assets		-9.4	-28.1	-27.6	-45.4	-114.6
Purchases of tangible assets		-52.0	-45.0	-88.1	-101.6	-163.6
Payments for decommissioning		-1.3	-8.9	-2.0	-14.7	-17.9
Payments for license transactions	13	-60.1	-	-60.1	-	-5.1
Equity contribution into Joint Venture		-4.2	-1.3	-7.5	-3.4	-6.9
Dividends from Joint Venture		6.4	7.1	14.0	17.3	27.1
Net cash from/-used in investing activities		**-120.5**	**-76.2**	**-171.1**	**-147.8**	**-281.0**
Financing activities						
Proceeds from borrowings	10	350.0	-	350.0	-	-
Repayment of borrowings	10	-	-	-131.2	-	-
Payment of debt issue costs		-5.4	-	-5.4	-	-
Purchase of treasury shares		-	-	-	-50.6	-50.7
Paid dividend		-23.0	-22.1	-46.1	-46.7	-92.0
Payments of lease liabilities		-0.6	-0.6	-1.2	-3.0	-4.3
Net cash from/-used in financing activities		**321.0**	**-22.7**	**166.1**	**-100.3**	**-147.0**
Net increase/-decrease in cash and cash equivalents		336.5	-166.9	225.3	-209.7	-233.9
Cash and cash equivalents at beginning of the period		606.4	910.5	718.8	954.3	954.3
Exchange gain/-losses on cash and cash equivalents		0.1	-0.6	-1.0	-1.7	-1.9
Cash and cash equivalents at the end of the period		**943.1**	**742.9**	**943.1**	**742.9**	**718.8**
Of which restricted cash		13.3	13.5	13.3	13.5	14.3

Consolidated statement of changes in equity

(unaudited, in USD million)	Share capital	Share premium	Other comprehensive income: Currency translation differences	Retained earnings	Total equity
Total shareholders' equity as of 31 December 2022	**33.9**	**343.6**	**-29.0**	**1,020.9**	**1,369.5**
Currency translation differences	-	-	-25.0	-	-25.0
Other comprehensive income/-loss	**-**	**-**	**-25.0**	**-**	**-25.0**
Profit/-loss for the period	-	-	-	68.9	68.9
Total comprehensive income	**-**	**-**	**-25.0**	**68.9**	**43.9**
Purchase of treasury shares	-1.1	-	-	-49.5	-50.6
Payment of dividend	-	-	-	-46.9	-46.9
Transactions with shareholders	**-1.1**	**-**	**-**	**-96.4**	**-97.5**
Total shareholders' equity as of 30 June 2023	**32.8**	**343.6**	**-54.0**	**993.4**	**1,315.8**

(unaudited, in USD million)	Share capital	Share premium	Other comprehensive income: Currency translation differences	Retained earnings	Total equity
Total shareholders' equity as of 31 December 2023	**32.8**	**343.6**	**-39.9**	**898.3**	**1,234.8**
Currency translation differences	-	-	-10.0	-	-10.0
Other comprehensive income/-loss	**-**	**-**	**-10.0**	**-**	**-10.0**
Profit/-loss for the period	-	-	-	51.3	51.3
Total comprehensive income	**-**	**-**	**-10.0**	**51.3**	**41.3**
Payment of dividend	-	-	-	-45.7	-45.7
Transactions with shareholders	**-**	**-**	**-**	**-45.7**	**-45.7**
Total shareholders' equity as of 30 June 2024	**32.8**	**343.6**	**-49.9**	**903.9**	**1,230.4**

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 2023.

The interim financial information for 2024 and 2023 is unaudited.

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 2023.

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 2023.

Due to rounding adjustments, some subtotals and totals in the rows or columns may not match the sum of the amounts shown.

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). The segment assets/liabilities do not include internal receivables/liabilities.

Second quarter ending 30 June 2024 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segments	Un-allocated/ eliminated	Total Group
Income statement information								
Revenues	3	56.5	80.4	-	-	137.0	-	137.0
Cost of goods sold	4	-48.1	-32.5	-	-	-80.6	1.8	-78.8
Gross profit		**8.5**	**47.9**	**-**	**-**	**56.4**	**1.8**	**58.1**
Share of profit/-loss from Joint Venture		-	-	2.5	-	2.5	-	2.5
Other operating income		-	0.4	-	-	0.4	-	0.4
Administrative and other operating costs		-0.9	-2.8	-	-0.6	-4.2	-4.4	-8.5
Impairment of oil and gas assets	7	-	-41.3	-	-	-41.3	-	-41.3
Exploration costs	5	-	-14.4	-	-	-14.4	-	-14.4
Operating profit/-loss		**7.6**	**-10.1**	**2.5**	**-0.6**	**-0.5**	**-2.6**	**-3.2**
Financial income/-expense (net)	10	6.8	-7.1	0.4	0.7	0.8	-5.5	-4.7
Tax income/-expense	6	-	42.4	-	-	42.4	-	42.4
Net profit/-loss		**14.4**	**25.1**	**2.9**	**0.2**	**42.6**	**-8.1**	**34.5**

Second quarter ending 30 June 2023 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segment	Un-allocated/ eliminated	Total Group
Income statement information								
Revenues	3	1.9	56.4	-	-	58.3	-	58.3
Cost of goods sold	4	-27.4	-28.5	-	-	-55.9	-0.9	-56.8
Gross profit		**-25.5**	**27.9**	**-**	**-**	**2.4**	**-0.9**	**1.5**
Share of profit/-loss from Joint Venture		-	-	3.0	-	3.0	-	3.0
Other operating income		-	0.6	-	-	0.6	-	0.6
Administrative and other operating costs		-0.7	-2.7	-	-1.0	-4.3	0.7	-3.6
Exploration costs	5	-	-16.5	-	-	-16.5	-	-16.5
Operating profit/-loss		**-26.2**	**9.3**	**3.0**	**-1.0**	**-14.9**	**-0.1**	**-15.0**
Financial income/-expense (net)	10	1.4	1.5	-	0.1	3.0	-3.9	-0.8
Tax income/-expense	6	-	-5.0	-	-	-5.0	2.2	-2.7
Net profit/-loss		**-24.7**	**5.9**	**3.0**	**-0.9**	**-16.8**	**-1.8**	**-18.5**

Note 2 | Segment information

Half-Year ending 30 June 2024 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segment	Un-allocated/ eliminated	Total Group
Income statement information								
Revenues	3	116.7	202.9	-	-	319.6	-	319.6
Inter-segment sales		-	-	-	-	-	-	-
Cost of goods sold	4	-101.4	-86.4	-	-	-187.8	1.5	-186.3
Gross profit		**15.3**	**116.6**	**-**	**-**	**131.8**	**1.5**	**133.4**
Share of profit/-loss from Joint Venture		-	-	2.2	-	2.2	-	2.2
Other operating income		-	0.4	-	-	0.4	-	0.4
Administrative and other operating costs		-0.9	-4.4	-	-1.2	-6.5	-8.1	-14.7
Impairment of oil and gas assets	7	-	-41.3	-	-	-41.3	-	-41.3
Exploration costs	5	-	-22.5	-	-	-22.5	-	-22.5
Net gain on disposal of license	11	-	-	-	-	-	-	-
Operating profit/-loss		**14.3**	**48.7**	**2.2**	**-1.2**	**64.0**	**-6.6**	**57.4**
Financial income/-expense (net)	10	4.3	-5.1	0.7	0.9	0.8	-6.8	-6.0
Tax income/-expense	6	-	-0.2	-	-	-0.2	-	-0.2
Net profit/-loss		**18.6**	**43.4**	**2.9**	**-0.3**	**64.7**	**-13.4**	**51.4**
Financial position information								
Non-current assets		819.5	774.2	63.5	-	1,657.2	13.8	1,671.0
Current assets		247.2	279.3	-	1.3	527.7	755.8	1,283.5
Total assets		**1,066.7**	**1,053.4**	**63.5**	**1.3**	**2,184.8**	**769.6**	**2,954.5**
Non-current liabilities		71.2	575.2	-	-	646.4	755.3	1,401.7
Current liabilities		126.8	168.2	-	7.5	302.5	19.8	322.3
Total liabilities		**198.0**	**743.4**	**-**	**7.5**	**948.9**	**775.1**	**1,724.0**

Note 2 | Segment information

Half-Year ending 30 June 2023 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segment	Un-allocated/ eliminated	Total Group
Income statement information								
Revenues	3	139.5	187.7	-	-	327.2	-	327.2
Cost of goods sold	4	-101.4	-58.3	-	-	-159.8	-1.8	-161.6
Gross profit		**38.1**	**129.3**	**-**	**-**	**167.4**	**-1.8**	**165.6**
Share of profit/-loss from Joint Venture		-	-	5.1	-	5.1	-	5.1
Other operating income		-	1.0	-	-	1.0	-	1.0
Administrative and other operating costs		-1.1	-4.9	-	-1.5	-7.4	-0.9	-8.3
Impairment of oil and gas assets	7	-	-0.0	-	-	-0.0	-	-0.0
Exploration costs	5	-	-23.0	-	-	-23.0	-	-23.0
Operating profit/-loss		**37.0**	**102.4**	**5.1**	**-1.5**	**143.0**	**-2.7**	**140.4**
Financial income/-expense (net)	10	2.5	9.5	-	0.2	12.1	-10.0	2.1
Tax income/-expense	6	-	-75.8	-	-	-75.8	2.2	-73.6
Net profit/-loss		**39.5**	**36.0**	**5.1**	**-1.3**	**79.4**	**-10.5**	**68.9**
Financial position information								
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
Total assets		**1,169.4**	**827.5**	**67.3**	**2.6**	**2,066.8**	**573.0**	**2,639.7**
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
Total liabilities		**168.6**	**569.5**	**-**	**32.2**	**770.4**	**553.5**	**1,323.9**

Note 3 | Revenues

USD million	Quarters Q2 2024	Quarters Q2 2023	First Half-Year 2024	First Half-Year 2023	Full-Year 2023
Sale of oil	99.5	37.4	249.6	245.2	506.2
Sale of gas	31.1	17.6	56.0	68.5	137.3
Sale of natural gas liquids (NGL)	5.6	2.6	12.8	12.2	21.6
Tariff income	0.7	0.7	1.4	1.4	2.4
Total revenues from contracts with customers	**137.0**	**58.3**	**319.6**	**327.2**	**667.5**
Sale of oil (bopd)	22,715	5,732	27,268	18,442	22,856
Sale of gas (boepd)	5,891	2,931	5,388	4,169	4,746
Sale of natural gas liquids (NGL) (boepd)	1,432	990	1,470	1,413	1,282
Total sales volume (boepd)	**30,038**	**9,654**	**34,126**	**24,025**	**28,885**

Note 4 | Cost of goods sold

USD million	Quarters Q2 2024	Quarters Q2 2023	First Half-Year 2024	First Half-Year 2023	Full-Year 2023
Lifting costs	-37.5	-45.1	-80.1	-106.4	-191.7
Tariff and transportation expenses	-10.5	-5.9	-18.1	-14.2	-32.4
Production costs based on produced volumes	**-47.9**	**-50.9**	**-98.2**	**-120.6**	**-224.1**
Movement in overlift/underlift	13.2	4.4	5.8	13.8	5.6
Production costs based on sold volumes	**-34.8**	**-46.6**	**-92.4**	**-106.7**	**-218.4**
Depreciation, depletion and amortization	-44.1	-10.2	-93.9	-54.8	-146.4
Total cost of goods sold	**-78.8**	**-56.8**	**-186.3**	**-161.6**	**-364.8**

Note 5 | Exploration expenses

USD million	Quarters Q2 2024	Quarters Q2 2023	First Half-Year 2024	First Half-Year 2023	Full-Year 2023
Exploration expenses (G&G and field surveys)	-3.7	-3.6	-7.4	-6.3	-15.0
Seismic costs	-6.3	-2.8	-6.4	-3.1	-9.9
Exploration costs capitalized this year carried to cost	-	-6.5	-	-6.5	-6.0
Other exploration cost expensed	-4.3	-3.5	-8.8	-7.1	-16.8
Total exploration expenses	**-14.4**	**-16.5**	**-22.5**	**-23.0**	**-47.7**

Note 6 | Income taxes

USD million	Quarters Q2 2024	Quarters Q2 2023	First Half-Year Q2 2024	First Half-Year Q2 2023	Full-Year 2023
Tax income/-expense					
Change in deferred taxes	36.0	-31.9	13.7	-57.8	-125.8
Income tax receivable/-payable	6.4	29.1	-13.8	-15.8	-6.9
Total tax income/-expense	**42.4**	**-2.7**	**-0.2**	**-73.6**	**-132.7**

USD million	At 30 Jun 2024	At 30 Jun 2023	At 31 Dec 2023
Income tax receivable/-payable			
Tax receivables (current)	-	27.2	-
Income taxes payable	-18.7	-5.9	-4.6
Net tax receivable/-payable	**-18.7**	**21.2**	**-4.6**
Deferred tax assets/-liabilities			
Deferred tax assets	47.6	-	-
Deferred tax liabilities	-230.1	-115.5	-192.4
Net deferred tax assets/-liabilities	**-182.5**	**-115.5**	**-192.4**

The tax balances relate to the activity on the Norwegian Continental Shelf and the UK Continental Shelf.

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.

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.

For tax impacts due to acquisitions, see Note 13.

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

USD million	Quarters		First Half-Year		Full-Year
	Q2 2024	Q2 2023	2024	2023	2023
Additions of intangible assets	9.7	28.1	27.9	45.4	114.6
Additions of goodwill and intangible assets through business combinations (Note 13)	61.7	-	61.7	-	-
Transfers to/-from intangible assets	-	-3.1	-	-3.1	-3.3
Additions of tangible assets	52.8	45.0	89.8	101.6	178.3
Additions of tangible assets through business combination (Note 13)	37.8	-	37.8	-	-
Transfers to/-from tangible assets	-	3.1	-	3.1	3.3
Additions of right-of-use (RoU) assets	-	10.5	-	10.5	10.7
Depreciation, depletion and amortization (Note 4)	-44.1	-10.2	-93.9	-54.8	-146.4
Impairment oil and gas assets/goodwill	-41.3	-	-41.3	-	-24.9
Exploration cost previously capitalized carried to cost (Note 5)	-	-6.6	-	-6.5	-6.0

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.

Additions through business combinations and impairment of oil and gas assets/goodwill during the quarter are explained in Note 13.

Note 8 | Inventory

USD million	At 30 Jun		At 31 Dec
	2024	2023	2023
Drilling equipment, spare parts and consumables	88.6	68.4	95.2
Provision for obsolete inventory	-17.4	-1.8	-17.4
Total inventory	**71.2**	**66.6**	**77.8**

Book value of inventory as of the reporting date relates to Kurdistan (USD 57.8 million) and the North Sea (USD 13.4 million).

Note 9 | Other non-current receivables/ Trade Receivables

USD million	At 30 Jun 2024	At 30 Jun 2023	At 31 Dec 2023
Trade debtors (non-current portion)	126.9	-	129.8
Total other non-current receivables	**126.9**	**-**	**129.8**
Trade debtors	153.8	327.4	149.5
Underlift	19.3	21.3	12.1
Other short-term receivables	96.1	72.9	103.8
Total trade and other receivables	**269.2**	**421.6**	**265.4**

As of 30 June 2024, the Company was owed a total of USD 301.1 million, excluding any interest, by the KRG mainly related to sales of DNO's entitlement share of oil to the KRG for the months October 2022 through March 2023 plus part of the amount invoiced for oil sold to the KRG in September 2022. These receivables are past due. During Q2 2024, DNO recognised that USD 13.9 million of these arrears had been settled by way of offsetting against payables due to the KRG. The Company continues to engage with the KRG regarding collection of the arrears and expects that it will recover the full invoiced amount as has occurred in the past, but the timing of recovery is uncertain. During 2023, due to accounting requirements to incorporate the time value of money, the Company reduced the book value of the KRG arrears by USD 44.6 million (presented under Financial expenses in the income statement) when comparing the book value of these arrears with the present value of the estimated future cash flows. As of 30 June 2024, the Company made a re-run of the estimated present value with updated assumptions, resulting in an increase of USD 7.8 million to the book value of KRG arrears.

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 currency	Interest	Maturity	At 30 Jun 2024	At 30 Jun 2023	At 31 Dec 2023
Non-current							
Bond loan (ISIN NO0011088593)	DNO04	USD	7.875 %	09/09/26	350.0	400.0	400.0
Bond loan (ISIN NO0013243766)	-	USD	9.250 %	04/06/29	400.0	-	-
Capitalized borrowing issue costs					-11.1	-9.7	-8.0
Reserve based lending facility		USD	see below	see below	35.0	-	-
Total non-current interest-bearing liabilities					**773.9**	**390.3**	**392.0**
Current							
Bond loan (ISIN NO0010852643)	DNO03	USD	8.375 %	29/05/24	-	131.2	131.2
Reserve based lending facility		USD	see below	see below	-	35.0	35.0
Total current interest-bearing liabilities					**-**	**166.2**	**166.2**
Total interest-bearing liabilities					**773.9**	**556.5**	**558.2**

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

USD million	At 1 Jan 2024	Cash flows	Non-cash changes: Amortization	Non-cash changes: Currency	Non-cash changes: Reclassification	At 30 Jun 2024
Bond loans	400.0	350.0	-	-	-	750.0
Bond loans (current)	131.2	-131.2	-	-	-	-
Borrowing issue costs	-8.0	-5.4	2.3	-	-	-11.1
Reserve based lending facility	-	-	-	-	35.0	35.0
Reserve based lending facility (current)	35.0	-	-	-	-35.0	-
Total	**558.2**	**213.4**	**2.3**	**-**	**-**	**773.9**

USD million	At 1 Jan 2023	Cash flows	Non-cash changes: Amortization	Non-cash changes: Currency	Non-cash changes: Reclassification	At 30 Jun 2023
Bond loans	531.2	-262.3	-	-	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	-
Reserve based lending facility (current)	8.4	-	-	-	26.6	35.0
Total	**554.8**	**-262.3**	**1.6**	**-**	**262.3**	**556.5**

On 4 June 2024, DNO ASA completed the placement of a new USD 400 million, five-year senior unsecured bond issued at 100 percent at par with a coupon rate of 9.25 percent. In connection with the bond placement, the Company agreed to buy back USD 50 million in nominal value of DNO04 at par plus accrued interest. The financial covenants of the bonds issued by DNO ASA require minimum USD 40 million of liquidity, and that the Group maintains either an equity ratio of 30 percent or a total equity of a minimum of USD 600 million.

On 22 January 2024, DNO ASA completed a USD 131.2 million call option redemption of the DNO03 bond at a price of 100 percent plus accrued interest.

As of 30 June 2024, the Group had a reserve-based lending (RBL) facility for its Norwegian and UK production licenses with a total facility limit of USD 270 million which is available for both debt and issuance of letters of credit. The borrowing base amount of the facility from 1 July 2024 is USD 95 million. Amount utilized as of the reporting date is disclosed in the table above. In addition, as of 30 June 2024, USD 26.5 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 2023.

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

USD million	At 30 Jun 2024	At 30 Jun 2023	At 31 Dec 2023
Non-current			
Asset retirement obligations (ARO)	379.4	354.4	382.7
Other long-term provisions and charges	6.9	5.5	7.3
Lease liabilities	11.4	14.2	14.0
Total non-current provisions for other liabilities and charges	**397.7**	**374.2**	**404.0**
Current			
Asset retirement obligations (ARO)	29.6	7.0	10.6
Other provisions and charges	13.0	29.4	9.1
Current lease liabilities	3.6	4.1	3.6
Total current provisions for other liabilities and charges	**46.2**	**40.5**	**23.3**
Total provisions for other liabilities and charges	**443.9**	**414.7**	**427.2**

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 4.9 percent and 5.0 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 2024	At 30 Jun 2023	At 31 Dec 2023
Within one year	4.7	4.6	4.8
Two to five years	10.0	12.9	11.8
After five years	4.3	-	5.4
Total undiscounted lease liabilities end of the period	**18.9**	**17.4**	**22.0**

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 2024	At 30 Jun 2023	At 31 Dec 2023
Trade payables	61.2	87.0	70.5
Public duties payable	2.0	3.3	4.3
Prepayments from customers	23.1	22.0	21.2
Overlift and other adjustments	71.0	3.1	1.2
Other accrued expenses	100.0	115.9	123.9
Total trade and other payables	**257.4**	**231.3**	**221.1**

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.

Note 13 | Business combination

On 6 February 2024, the Company announced that its wholly owned subsidiary DNO Exploration UK Limited has entered into an agreement to acquire a 25 percent interest in the Arran field on the UK Continental Shelf from ONE-Dyas E&P Limited. The transaction completed on 15 May 2024 which is also the acquisition date for accounting purposes. The transaction is regarded as a business combination and accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. A purchase price allocation (PPA) has been performed to allocate the consideration to fair value of assets acquired and liabilities assumed. The goodwill recognized relates mainly to technical goodwill and tax synergies. Technical goodwill arises due to the requirement to recognize deferred tax for the difference between the assigned fair value and the tax base of assets acquired and liabilities assumed. No contingent consideration is to be paid.

Transaction costs of USD 0.7 million were incurred and expensed in the profit/-loss statement.

USD million	**Fair value at acquisition-date**
Deferred tax assets	8.4
Producing asset	37.5
Other current assets	1.6
Total assets	**47.5**
Asset retirement obligation	21.1
Deferred tax liability	20.3
Other current liabilities	7.6
Total liabilities	**49.0**
Net assets	-1.5
Consideration (cash)	60.1
Goodwill	**61.7**

After the recognition of the PPA, a reassessment of the utilization of tax losses in the acquiring entity was carried out, which triggered the recognition of a deferred tax asset and a partial impairment of goodwill. The overall impact on the Net profit/-loss is positive but the adjustments are reported through different lines in the accounts.

Impairment of goodwill	-41.3
Tax income due to recognition of deferred tax asset	61.7
Impact on Net profit/-loss	**20.4**

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

	Quarters		First Half-Year		Full-Year
USD million	**Q2 2024**	**Q2 2023**	**2024**	**2023**	**2023**
Revenues	137.0	58.3	319.6	327.2	667.5
Lifting costs	-37.5	-45.1	-80.1	-106.4	-191.7
Tariff and transportation	-10.5	-5.9	-18.1	-14.2	-32.4
Movement in overlift/underlift	13.2	4.4	5.8	13.8	5.6
Share of profit/-loss from Joint Venture	2.5	3.0	2.2	5.1	11.9
Exploration expenses	-14.4	-16.5	-22.5	-23.0	-47.7
Administrative expenses	-7.4	-2.7	-13.5	-6.9	-23.3
Other operating income/expenses	-0.8	-0.3	-0.7	-0.4	-6.2
EBITDA	**82.2**	**-4.8**	**192.6**	**195.2**	**383.8**

EBITDAX

USD million	**Q2 2024**	**Q2 2023**	**2024**	**2023**	**2023**
EBITDA	82.2	-4.8	192.6	195.2	383.8
Exploration expenses	14.4	16.5	22.5	23.0	47.7
EBITDAX	**96.6**	**11.7**	**215.1**	**218.2**	**431.5**

Lifting costs

	Q2 2024	**Q2 2023**	**2024**	**2023**	**2023**
Lifting costs (USD million)	-37.5	-45.1	-80.1	-106.4	-191.7
Net production (MMboe)*	6.9	1.0	13.4	8.7	17.9
Lifting costs (USD/boe)	**5.4**	**45.5**	**6.0**	**12.2**	**10.7**

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

Capital expenditures

	Q2 2024	**Q2 2023**	**2024**	**2023**	**2023**
Purchases of intangible assets	-9.4	-28.1	-27.6	-45.4	-114.6
Purchases of tangible assets*	-52.0	-45.0	-88.1	-101.6	-163.6
Capital expenditures	**-61.4**	**-73.1**	**-115.6**	**-147.0**	**-278.3**

* Excludes estimate changes on asset retirement obligations.

Alternative performance measures

Operational spend

USD million	Quarters		First Half-Year		Full-Year
	Q2 2024	Q2 2023	2024	2023	2023
Lifting costs	-37.5	-45.1	-80.1	-106.4	-191.7
Tariff and transportation expenses	-10.5	-5.9	-18.1	-14.2	-32.4
Exploration expenses	-14.4	-16.5	-22.5	-23.0	-47.7
Exploration cost previously capitalized carried to cost (Note 5)	-0.0	6.6	0.0	6.5	6.0
Purchases of intangible assets	-9.4	-28.1	-27.6	-45.4	-114.6
Purchases of tangible assets	-52.0	-45.0	-88.1	-101.6	-163.6
Payments for decommissioning	-1.3	-8.9	-2.0	-14.7	-17.9
Operational spend	**-125.0**	**-142.8**	**-238.2**	**-298.8**	**-561.9**

Free cash flow

USD million	Q2 2024	Q2 2023	2024	2023	2023
Net cash from/-used in operating activities	136.1	-68.0	230.3	38.4	194.1
Capital expenditures	-61.4	-73.1	-115.6	-147.0	-278.3
Payments from license transactions	-60.1	-	-60.1	-	-5.1
Payments for decommissioning	-1.3	-8.9	-2.0	-14.7	-17.9
Equity contribution into Joint Venture	-4.2	-1.3	-7.5	-3.4	-6.9
Dividends from Joint Venture	6.4	7.1	14.0	17.3	27.1
Free cash flow	**15.6**	**-144.2**	**59.2**	**-109.4**	**-86.8**

Equity ratio

USD	Q2 2024	Q2 2023	2024	2023	2023
Equity	1,230.4	1,315.8	1,230.4	1,315.8	1,234.8
Total assets	2,954.5	2,639.7	2,954.5	2,639.7	2,638.3
Equity ratio	**41.6%**	**49.8%**	**41.6%**	**49.8%**	**46.8%**

Net debt

USD million	Q2 2024	Q2 2023	2024	2023	2023
Cash and cash equivalents (including restricted cash)	943.1	742.9	943.1	742.9	718.8
Bond loans and reserve based lending (Note 10)	785.0	566.2	785.0	566.2	566.2
Net cash/-debt	**158.1**	**176.8**	**158.1**	**176.8**	**152.7**

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.

NOTES

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