



**6** COUNTRIES | **3** CONTINENTS



— **83 LICENCES** —

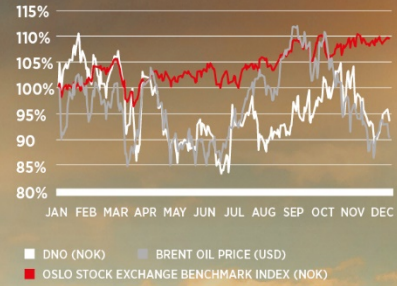
The Kurdistan region of Iraq, Norway, the United Kingdom, Côte d'Ivoire, Netherlands and Yemen



WORKFORCE

**1,085**

MARKET DEVELOPMENTS



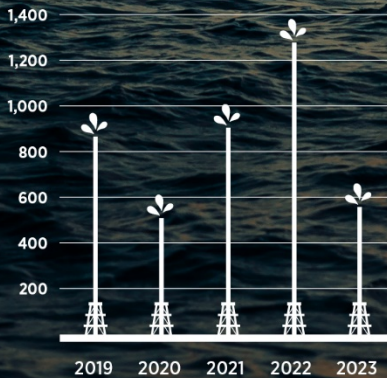
DNO ASA  
ANNUAL REPORT AND ACCOUNTS

— **2023** —



REVENUES (USD million)

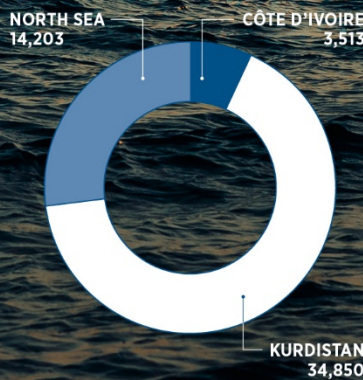
**667.5**



OPERATING PROFIT (USD million)

**218.3**

NET PRODUCTION SPLIT (boepd)

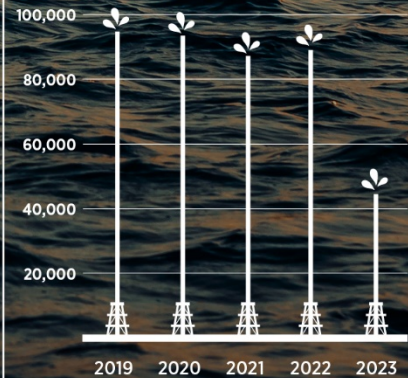


“Norway is the gift that keeps on giving.”

**Bijan Mossavar-Rahmani**  
Executive Chairman

NET PRODUCTION (boepd)

**52,566**



NET 2P RESERVES (MMboe)

**290.1**



# Content

<b>Highlights</b>	<b>3</b>
<b>Key figures</b>	<b>4</b>
<b>Board of Directors</b>	<b>5</b>
<b>Board of Directors' report</b>	<b>6</b>
<b>Introduction</b>	<b>6</b>
<b>Operations review</b>	<b>7</b>
<b>Business development</b>	<b>8</b>
<b>Financial performance</b>	<b>8</b>
<b>Corporate governance</b>	<b>9</b>
<b>Enterprise risk management</b>	<b>12</b>
<b>HSSE performance</b>	<b>13</b>
<b>Organization and personnel</b>	<b>14</b>
<b>Parent company</b>	<b>17</b>
<b>Main events since yearend</b>	<b>17</b>
<b>Responsibility statement</b>	<b>18</b>
<b>Consolidated accounts</b>	<b>21</b>
<b>Parent company accounts</b>	<b>72</b>
<b>Country-by-Country report</b>	<b>85</b>
<b>Auditor's report</b>	<b>86</b>
<b>EU Taxonomy</b>	<b>93</b>
<b>Alternative performance measures</b>	<b>95</b>
<b>Glossary and definitions</b>	<b>98</b>



## Highlights

In a year marked by North Sea exploration success and Kurdistan export shutdown, DNO<sup>1</sup> recorded 2023 revenues of USD 668 million and operating profit of USD 218 million. Across the portfolio net production averaged 52,600 barrels of oil equivalent per day (boepd), of which Kurdistan contributed 34,900 boepd, North Sea 14,200 boepd and West Africa 3,500 boepd.

The North Sea business delivered a string of discoveries last year including Carmen (DNO 30 percent), Norma (30 percent), Heisenberg (49 percent) and Røver Sør (20 percent). Successful 2023 appraisal moved previous discoveries Bergknapp (30 percent) and Ofelia (10 percent) closer to development, as DNO pushes for early commercialization of its discovered resources.

At yearend, gross production from the DNO operated Tawke license (75 percent) in Kurdistan had largely recovered from the March 2023 export pipeline shutdown and was averaging 80,000 boepd. Post pipeline shutdown, the Company's net entitlement share has been sold at prices in the low-to-mid USD 30s per barrel on a cash and carry basis and transported by traders by road tanker or pipeline to local refineries. Concurrently, Tawke license operational spend was cut by some 65 percent from pre-pipeline shutdown levels as drilling activity was curtailed and staffing levels reduced.

The balance sheet remains strong with a yearend equity ratio of 47 percent as the Company exited 2023 with cash deposits of USD 719 million and net cash of USD 153 million. The Company continues to engage in discussions related to recovery of arrears for past deliveries to the Kurdistan Regional Government (KRG) and payment terms and conditions for any future oil exports, which in turn will drive investments.

DNO remains stubbornly resilient in its second semi-centennium and will take new challenges head on. We will continue to grow a bold and nimble international oil and gas company with prioritization of shareholders who ultimately rank highest among our stakeholders. Last year, the Company returned USD 92 million to shareholders in the form of dividends and another USD 51 million through share buybacks. Furthermore, DNO has kept a flawless bond track record for more than 20 years with no waivers, no amendments and early repayments.

In sum, DNO continues to be a company characterized by low-cost production, successful exploration, attractive growth prospects and a robust balance sheet.

---

<sup>1</sup> DNO ASA and the companies in which it directly or indirectly owns are separate and distinct entities. However, in this report, the terms "DNO", "Company" and "Group" may be used for convenience where reference is made to those companies. Likewise, the words "we", "us", "our" and "ourselves" may be used with respect to the companies of the DNO Group.

# Key figures

<b>Key financials (USD million)</b>	<b>2023</b>	<b>2022</b>
Revenues	667.5	1,377.0
EBITDAX	431.5	1,116.0
EBITDA	383.8	1,019.5
Operating profit/-loss	218.3	431.4
Net profit/-loss	18.6	384.9
Free cash flow	-81.8	618.8
Operational spend	561.9	741.4
Net cash/-debt	152.7	388.2
Lifting costs (USD/boe)	10.7	6.5
<b>Key operational data</b>	<b>2023</b>	<b>2022</b>
Gross operated production (boepd)	46,500	107,637
Net production (boepd)*	52,566	97,310
Sales volume (boepd)	28,885	38,444
Net 2P reserves (MMboe)*	290.1	292.1

\* Net production in 2022 and net 2P reserves at yearend 2022 include West Africa segment (equity accounted investment), effective from 1 January 2022.

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

## Board of Directors



### BIJAN MOSSAVAR-RAHMANI

*Executive Chairman*

**Bijan Mossavar-Rahmani has served as DNO's Executive Chairman of the Board of Directors since 2011 and is a member of the nomination and remuneration committees.**

Mr. Mossavar-Rahmani's full-time role encompasses strategic, managerial and operational responsibilities at DNO, of which he is the largest shareholder. An experienced industry executive, he has served as Chairman of the Board of RAK Petroleum plc between 2013-2022, co-founder and Chairman of Foxtrot International LDC since 1998 and founder and first Chief Executive Officer of Apache International Inc. between 1988-1992. In addition to his industry positions, he is active in philanthropy, education and the arts. He is a Trustee of the New York Metropolitan Museum of Art where he chairs the Audit Committee and the Visiting Committee on Islamic Art and is a member of the Executive Committee and the Finance Committee, a Director of the Persepolis Foundation and a member of Harvard University's Global Advisory Council and of Princeton University's Nassau Hall Society. He has published more than ten books on global energy markets and was decorated Commandeur de l'Ordre National de la Côte d'Ivoire for services to the energy sector of that country. Mr. Mossavar-Rahmani is a graduate of Princeton (AB) and Harvard Universities (MPA).



### GUNNAR HIRSTI

*Deputy Chairman*

**Gunnar Hirsti was elected to DNO's Board of Directors in 2007, chairs the audit committee and is a member of the remuneration committee.**

Mr. Hirsti has extensive experience from various managerial, executive and board positions in the oil and gas industry as well as the information technology industry in Norway. He was Chief Executive Officer of DSND Subsea ASA (now Subsea 7 S.A.) for a period of six years. He also served as Executive Chairman of the Board of Blom ASA for eight years. Mr. Hirsti holds a degree in drilling engineering from Tønsberg Maritime Høyskole in Norway.



### ELIN KARFJELL

*Director*

**Elin Karfjell was elected to DNO's Board of Directors in 2015 and is a member of the audit committee.**

Ms. Karfjell is Director Property Management and Development of Statsbygg and has held various management positions across a broad range of industries, including Managing Partner of Atelika AS and Chief Executive Officer of Fabi Group, Chief Financial Officer of Atea AS and partner of Ernst & Young AS and Arthur Andersen. Current directorships include Philly Shipyard ASA, North Energy ASA and Contesto AS. Ms. Karfjell is a state authorized public accountant with a Bachelor of Science in Accounting from Oslo and Met and a Higher Auditing degree from the Norwegian School of Economics and Business Administration.



### ANITA MARIE HJERKINN AARNÆS

*Director*

**Anita Marie Hjerkin Aarnæs was elected to DNO's Board of Directors in 2022 and is a member of the HSSE committee.**

Ms. Hjerkin Aarnæs is Managing Partner Nordics at The Board Practice. She has extensive international experience with strategy development, governance and organizational effectiveness across industries and in particular within the energy sector. She held the position as Director of Human Resources in the Company from 2012 to 2015, prior to which she had served as Managing Partner at Heidrick & Struggles and as Management Consultant with PA Consulting Group. Ms. Hjerkin Aarnæs was a member of the Board of Directors of Norwegian Finans Holding ASA from its inception. She is a certified EFQM assessor. She holds a degree in Public Law and is a graduate of the University of Oslo (Cand Mag) and Harvard University (MPA).



### NAJMEDIN MESHKATI

*Director*

**Najmedin Meshkati was elected to DNO's Board of Directors in 2023 and chairs the HSSE committee.**

Dr. Najmedin Meshkati is a Professor of Civil/Environmental Engineering; Industrial & Systems Engineering and International Relations at the University of Southern California. As a global leader and expert in human performance and safety culture, Dr. Meshkati has served on numerous boards, councils and panels, including the United States panel analyzing the causes of the Deepwater Horizon explosion. Dr. Meshkati holds a BS in Industrial Engineering and a BA in Political Science from Sharif (Arya-Mehr) University of Technology and Shahid Beheshti University (National University of Iran), respectively. He holds a MS in Engineering Management and a PhD in Industrial and Systems Engineering from the University of Southern California. He is a Certified Professional Ergonomist.



# Board of Directors' report

## Introduction

### 2023 full-year results highlights

- Revenues of USD 668 million in 2023, down from USD 1,377 million in 2022;
- Kurdistan revenues totaled USD 253 million (2022: USD 820 million) and North Sea revenues totaled USD 414 million (2022: USD 557 million);
- Operating profit of USD 218 million in 2023 (2022: USD 431 million);
- Operational spend of USD 562 million, down from USD 741 million in 2022;
- Yearend cash deposits of USD 718.8 million and USD 152.7 million in net cash (USD 954.3 million in cash and USD 388.2 million in net cash yearend 2022)
- Gross production at the Tawke license in Kurdistan, containing the Tawke and Peshkabir fields, averaged 46,276 barrels of oil per day (bopd) compared to 107,101 bopd in 2022;
- Across portfolio, net production of 52,566 boepd, down from 97,310 boepd in 2022;
- Of which West Africa assets in Côte d'Ivoire (acquired in 2022) contributed 3,513 boepd of net production from equity accounted investment; and
- Net proven and probable (2P) reserves of 290 million barrels of oil equivalent (MMboe), compared to 292 MMboe at yearend 2022.

For a detailed financial review, see section on financial performance.

### Our vision and strategic priorities

DNO is a Norwegian oil and gas operator active in the Middle East, the North Sea and West Africa. DNO's vision is to remain a leading, growth-oriented exploration and production company seeking to deliver attractive returns to shareholders by finding and producing oil and gas at low cost and at an acceptable level of risk in a socially responsible and environmentally sensitive manner. To achieve this vision, our strategic priorities include:

- Increasing production through the development of our existing reserves base;
- Growing reserves and contingent resources through focused exploration and appraisal drilling;
- Maintaining operational control, financial flexibility and the efficient allocation of capital in line with DNO's full-cycle business model to deliver growth at a low unit cost;
- Encouraging an entrepreneurial culture and attracting the best talent in the industry;
- Pursuing materially accretive acquisitions;
- Recognizing our corporate governance responsibilities and commitments and managing risks to the business;
- Being a leader in health, safety, security and environmental best practices in our areas of operation; and
- Minimize gas flaring and eliminate venting to conserve resources and control emissions.

### Production strength and capacity

DNO reported gross operated production 2023 of 46,500 bopd, down from 107,637 bopd in 2022, negatively impacted by the shutdown of the Iraq-Türkiye Pipeline (ITP) export route since late March 2023. DNO's net production averaged 52,566 boepd in 2023, down from 97,310 boepd in 2022. With net 2P reserves totaling 290.1 MMboe across its portfolio, DNO has the asset base to sustain material levels of production over the long term.

### Organic reserves and resource growth

Done in a structured manner, successful exploration can be one of the most cost-efficient methods of delivering significant reserves growth and associated value creation. At DNO, we focus our efforts on areas where we have in-depth knowledge of the subsurface, playing to our technical and operational strengths. We also benchmark each prospect so that capital deployed to exploration is only allocated to those opportunities that meet our technical, financial and strategic requirements. Looking ahead, we will continue to actively pursue opportunities in the North Sea, potentially complemented by selected targets in high potential basins across the Middle East and West Africa with the goal of transforming resources into reserves at a low unit cost.

### Operational control and financial flexibility

We operate our most significant oil and gas assets and have the experienced team and operational capabilities to efficiently deliver our work programs. To maintain the financial strength and flexibility to fund growth opportunities, we will look to internally generated funds and, when necessary, to international capital markets to strengthen the Company's balance sheet.

### Encouraging an entrepreneurial culture

DNO's growth and success revolve around the quality and commitment of our people. We are an entrepreneurial company with a flat organizational structure which means we can make decisions quickly and execute flexibly. Our employment practices and policies help our staff realize their full potential. We are committed to developing local talent in each of our areas of operations.

### Mergers and acquisitions

In addition to organic growth, we continuously evaluate new assets and take an opportunistic approach to potential acquisitions.

### Corporate governance and managing risk

One of our priorities is to ensure that DNO is a responsible and transparent enterprise. We are committed to the highest standards of corporate governance, business conduct and corporate social responsibility. Recognizing that the success of an oil and gas company is directly linked to how well risks are managed, we seek to improve our systems designed to identify and effectively manage risks. We respect fundamental human rights, provide decent working conditions and are committed to the health, safety and security of our employees, contractors and the communities in which we operate. The Norwegian Transparency Act requires the Company to report on how it promotes and addresses fundamental human rights and decent working conditions in its operations, in its supply chain and with its business partners. Accordingly, the Company has published the 2022 Transparency Act Statement on its website (<https://www.dno.no/en/about-dno/governance/>) and will publish its 2023 statement by 30 June 2024. In addition, the Company is continuously working to reduce the environmental impact of our activities including with respect to greenhouse gas (GHG) emissions. Please refer to the Company's latest Corporate Social Responsibility (CSR) Report, available on the Company's website, for more information.

## Operations review

### Annual Statement of Reserves and Resources

The Company's Annual Statement of Reserves and Resources (ASRR) has been prepared in accordance with the Oslo Stock Exchange listing and disclosure requirements Circular No. 1/2013. International petroleum consultants DeGolyer and MacNaughton (D&M) carried out an independent assessment of the Tawke license (containing the Tawke and Peshkabar fields) and the Baeshiqa license (containing the Baeshiqa and Zartik structures) in Kurdistan. International petroleum consultants RPS Energy Consultants (RPS) carried out an independent assessment of DNO reserves in Norway and the United Kingdom (UK). Contingent resources in Norway are reported based on numbers published by Norwegian Offshore Directorate (NOD). DNO had no contingent resources in the UK at yearend 2023. The International petroleum consultants Beicip-Franlab carried out an independent assessment of DNO's licenses (held through its indirect 33.33 percent interest in the operating entity) in Côte d'Ivoire. The Company internally assessed volumes reported for its Block 47 in Yemen.

At yearend 2023, DNO's net proven (1P) reserves stood at 206.4 MMboe, compared to 220.3 MMboe at yearend 2022, after adjusting for production during the year and upward technical revisions. On a 2P reserves basis, DNO's net reserves stood at 290.1 MMboe, compared to 292.1 MMboe at yearend 2022. On a proven, probable and possible (3P) reserves basis, DNO's net reserves were 360.5 MMboe, compared to 386.7 MMboe at yearend 2022. DNO's net contingent (2C) resources were 205.0 MMboe, up from 152.5 MMboe at yearend 2022.

DNO's net production in 2023 totaled 19.1 MMboe (of which 12.7 million barrels of oil (MMbbls) were in Kurdistan, 5.1 MMboe in Norway, 1.3 MMboe in Côte d'Ivoire and the balance in the UK), compared to 35.4 MMboe in 2022 (of which 29.3 MMbbls in Kurdistan, 4.8 MMboe in Norway, 1.2 MMboe in Côte d'Ivoire and the balance in the UK).

The Company's net yearend 2023 Reserve Life Index (R/P) stood at 10.8 years on a 1P reserves basis, 15.2 years on a 2P reserves basis and 18.8 years on a 3P reserves basis.

The ASRR report for 2023 is available on the Company's website.

### Kurdistan

#### Tawke license

Gross production from the DNO operated Tawke license, containing the Tawke and Peshkabar fields, averaged 46,276 bopd during 2023 (107,101 bopd in 2022). The Tawke field contributed 26,577 bopd (45,065 bopd in 2022) and the Peshkabar field contributed 19,699 bopd (62,037 bopd in 2022). The production decline from 2022 was due to the closure of the ITP export route from 25 March 2023, which led to the shut-in of both fields. Production was resumed at the Tawke field in July 2023, followed by the Peshkabar field in October 2023.

At yearend, gross production had largely recovered and was averaging 80,000 boepd. The Company's net entitlement share of production in the second half of 2023 was sold at prices in the low-to-mid USD 30s per barrel on a cash and carry basis

and transported by traders by road tanker or pipeline to local refineries. In response to the closure of the ITP, DNO cut operational spend by some 65 percent from pre-pipeline shutdown levels as drilling activity was curtailed and staffing levels reduced.

DNO holds a 75 percent operated interest in the Tawke license with partner Genel Energy International Limited holding the remaining 25 percent.

#### Baeshiqa license

Gross operated production at the Baeshiqa license averaged 224 bopd (536 bopd in 2022). Due to the closure of the export pipeline, there was no production from the license in the second half of 2023.

DNO holds a 64 percent operated interest in the Baeshiqa license (80 percent paying interest) with partners being Turkish Energy Company Limited (TEC) with a 16 percent interest (20 percent paying interest) and Kurdistan Regional Government (KRG) with a 20 percent carried interest.

### RESERVES

On a net basis at yearend 2023, 1P reserves in the Company's Kurdistan portfolio totaled 175.1 MMbbls (190.9 MMbbls at yearend 2022), 2P reserves totaled 244.5 MMbbls (245.3 MMbbls at yearend 2022) and 3P reserves totaled 298.0 MMbbls (316.0 MMbbls at yearend 2022). Net 2C resources were 59.5 MMbbls, compared to 62.4 MMbbls at yearend 2022.

The Company's Kurdistan reserves relate entirely to the Tawke license. Out of the net 2C contingent resources in the Kurdistan portfolio, the Baeshiqa license represented 39.1 MMbbls (38.1 MMbbls at yearend 2022). Baeshiqa license volumes were recorded as contingent resources pending drilling of an additional well (which is planned for early 2024).

### North Sea

In 2023, DNO had diversified production across 12 fields in the North Sea of which 10 were in Norway and two in the UK. During 2023, the Norwegian Fenja field came onstream, contributing to a North Sea net production average of 14,203 boepd (13,314 boepd in 2022). Of the total, 13,926 boepd were attributable to Norway and 277 to the UK (13,035 boepd and 279 boepd, respectively, in 2022).

In 2023, Norwegian development projects Andvare (32 percent) and Berling (30 percent) received government approval. These projects are expected to come on stream in 2024 and 2028, respectively. The DNO-operated Trym field was readied for recommissioning in early 2024. In addition, DNO was working to mature previous discoveries such as Brasse (39 percent) for project sanction.

During the course of the year, DNO drilled six North Sea exploration wells resulting in four discoveries. In addition, successful appraisal drilling moved previous discoveries Bergknapp (30 percent) and Ofelia (10 percent) closer to development. The Ofelia appraisal operation also led to a new gas discovery in the overlying Kyrre formation.

### RESERVES

At yearend 2023, DNO held 73 licenses in Norway in various stages of exploration, development and production (68 licenses at yearend 2022). Across its Norway portfolio and on a net basis, DNO's 1P reserves totaled 23.7 MMboe, 2P reserves

stood at 34.8 MMboe, 3P reserves totaled 49.0 MMboe and 2C resources stood at 132.0 MMboe. The comparable yearend 2022 figures were 1P reserves of 24.6 MMboe, 2P reserves of 35.6 MMboe, 3P reserves of 48.1 MMboe and 2C resources of 80 MMboe.

In 2023, DNO had a successful exploration and appraisal program in Norway resulting in Røver South, Heisenberg, Carmen, Norma and Kyrre discoveries and confirming the Ofelia and Bergknapp discoveries.

In the UK, DNO held four licenses at yearend 2023 (seven licenses at yearend 2022). On a net basis, 1P reserves totaled 0.1 MMboe, 2P reserves stood at 0.3 MMboe, 3P reserves totaled 0.4 MMboe. No 2C resources were booked for DNO's licenses in the UK at yearend 2023. The comparable yearend 2022 figures were 1P reserves of 0.4 MMboe, 2P reserves of 0.9 MMboe, 3P reserves of 1.3 MMboe and no 2C resources, all on a net basis.

## West Africa

DNO has an indirect 33.33 percent interest in privately held Foxtrot International LDC (Foxtrot International) which has stakes in two offshore licenses in Côte d'Ivoire. Foxtrot International holds a 27.27 percent interest in and operatorship of the producing Block CI-27, which contains the Foxtrot gas field, the Mahi gas field, the Marlin oil and gas field and the Manta gas field. Foxtrot International also operates the exploration Block CI-12, in which it holds a 24 percent interest. At the time of reporting, a two-well exploration program is ongoing on this exploration block.

## RESERVES

At the producing license CI-27, at yearend 2023 gross 1P reserves stood at 83.1 MMboe (48.2 MMboe at yearend 2022), gross 2P reserves stood at 115.6 MMboe (113.6 MMboe at yearend 2022), gross 3P reserves stood at 144.9 MMboe (234.6 MMboe at yearend 2022) and gross 2C resources stood at 55.2 MMboe (17.9 MMboe at yearend 2022). Gross production totaled 14.1 MMboe in 2023 (13.4 MMboe in 2022).

At the exploration license CI-12, at yearend 2023 gross 2C resources stood at 45.3 MMboe, unchanged from yearend 2022.

## Yemen

Production start-up at the Yaalen field at Block 47 in Yemen, currently under force majeure, remains on hold. At yearend 2023, gross 2C resources at Block 47 stood at 6.2 MMbbls (4.8 MMbbls on a net basis), unchanged from yearend 2022.

## Business development

In early 2023, DNO brought in OKEA ASA as the new 50/50 partner in its Brasse development project to undertake a fast-track, low-cost review of a potential tieback of the discovery in license PL740 offshore Norway to the OKEA-operated Brage platform (DNO 14.2 percent). In August, the Company announced that such a development concept had indeed been agreed, upon which the operatorship of PL740 was transferred to OKEA to maximize synergies with Brage and lower costs. To further align interests across Brasse and Brage, DNO and OKEA have since lowered their stakes in Brasse to 39.3

percent each by bringing Brage partners Lime Petroleum and M Vest Energy into PL740. Final investment decision for the Brasse project is expected in first half of 2024.

In the North Sea, DNO carried on high grading its portfolio in 2023 through a combination of licensing round awards, license transactions and relinquishment of licenses deemed unattractive following evaluation.

Across the portfolio, the Company continues to develop a pipeline of new business opportunities to supplement its current position in the Middle East, the North Sea and West Africa. It actively pursues growth opportunities across the exploration and production lifecycle, including exploration, development and production, both organically as well as through potential mergers and acquisitions.

Shortly after the end of the year, DNO announced 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 is expected to add some four million barrels of oil equivalent net to DNO, of which 90 percent gas, with projected net 2024 production of 2,000-2,500 boepd. The acquisition reflects DNO's strategy of acquiring bolt-on producing assets as the Company develops its discoveries elsewhere in the North Sea. The cash consideration is USD 70 million plus a contingent consideration of up to USD 5 million if certain operational targets are met. The Company expects financial synergies between Arran and DNO's existing position in the UK.

## Financial performance

### Revenues, operating profit and cash

Total revenues in 2023 stood at USD 667.5 million, down from USD 1,377 million in 2022. Kurdistan revenues stood at USD 253.2 million (USD 820.1 million in 2022), while the North Sea generated revenues of USD 414.4 million (USD 556.9 million in 2022). The reported 2023 revenues were negatively impacted by the March 2023 ITP shutdown in Kurdistan resulting in reduced Kurdistan production with volumes sold in local market at lower realized oil prices than previously achieved through export. Lower realized oil and gas prices in the North Sea also contributed to the decrease in 2023 revenues.

The Group reported an operating profit of USD 218.3 million, down from USD 431.4 million in 2022. The lower operating profit in 2023 compared to last year was driven by lower revenues, partially offset by lower depreciation and impairments.

The Group ended the year with USD 718.8 million in cash and USD 152.7 million in net cash (USD 954.3 million in cash and USD 388.2 million in net cash at yearend 2022).

Net cash flows from operating activities for the year was USD 194.1 million, down from USD 1,056.3 million in 2022. The significant decrease in net cash flows from operating activities was mainly due to lower revenues from Kurdistan and higher North Sea net tax payments, partly offset by higher earned interests. The difference between the cash generated from operations from the cash flow statement and the operating profit relates mainly to depreciation and impairment charges.



Investing activities of USD 281 million (USD 415 million in 2022) consist of USD 283.3 million in asset investments and USD 17.9 million in decommissioning, partly offset by USD 20.2 million cash inflow from equity accounted investments (West Africa).

Net cash outflows from financing activities of USD 147 million (USD 419.1 million in 2022) was mainly related to distribution of dividends and share buyback of USD 142.7 million in total during 2023.

### Cost of goods sold

In 2023, the total cost of goods sold was USD 364.8 million, compared to USD 460.9 million in 2022. The decrease in cost of goods sold was mainly driven by lower Kurdistan net entitlement production following the ITP shutdown which resulted in lower depreciation and lower production costs. Depreciation charge from the North Sea was also significantly lower compared to 2022 because book values of the Ula area CGU were fully impaired at yearend 2022.

### Impairment charges

The Group's total impairment charges stood at USD 24.9 million in 2023 and was entirely related to the North Sea (USD 371.3 million in 2022).

### Exploration costs expensed

Total expensed exploration costs for the year were USD 47.7 million, down from USD 96.5 million in 2022, mainly driven by the string of North Sea discoveries in 2023, which led to a higher proportion of exploration cost being capitalized.

### Capital expenditures

Total capital expenditures for the year were USD 278.3 million in 2023 (USD 374.8 million in 2022), of which USD 73 million were in Kurdistan and USD 204.4 million in the North Sea (USD 212.2 million and USD 161.1 million in 2022, respectively). Of the total, USD 114.5 million (USD 74.6 million) were related to exploration drilling activities. The reduction in Kurdistan capital expenditures was a result of the Company's cost reduction measures, following the ITP shutdown in March 2023.

### Assets, liabilities and equity

At yearend 2023, total assets stood at USD 2,638.3 million, compared to USD 2,803 million at yearend 2022. The decrease in total assets compared to last year was mainly due to decrease in cash balance, partly offset by higher capitalized North Sea exploration cost (see above). Total property, plant and equipment (PP&E), intangible assets and goodwill increased from USD 1,262 million at yearend 2022 to USD 1,378.5 at yearend 2023.

Total liabilities were USD 1,403.5 million, compared to USD 1,433.6 million at yearend 2022. The equity ratio stood at 46.8 percent at yearend 2022 (48.9 percent at yearend 2022).

### Going concern

The Company regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants by considering multiple combinations of oil and gas prices, production volumes, and operational spend scenarios.

As required under the Norwegian Accounting Act, the Company's Board of Directors conducted a review of the going concern assumption considering all relevant information

available up to the date the DNO ASA consolidated and Company accounts are issued and taking into account all available information about the future covering at least 12 months from the end of the reporting period. The Board of Directors' review included, in particular, assessment of the Group's projected cash reserves and access to financing arrangements, considering debt maturities and its operational outlook and work programs, while maintaining appropriate headroom in respect of sound equity, liquidity and financial covenant compliance throughout the assessment period.

Following its review, the Board of Directors confirmed, pursuant to the Norwegian Accounting Act section 3-3a, that the requirements of the going concern assumption are met and that these financial statements have been prepared on that basis.

## Corporate governance

DNO's corporate governance policy is based on the recommendations of the Norwegian Code of Practice for Corporate Governance.

The Articles of Association and the Norwegian Public Limited Liability Companies Act form the corporate legal framework for DNO's business activities. In addition, DNO is subject to, and complies with, the requirements of Norwegian securities legislation.

The Group regularly reports on its strategy and the status of its business activities through annual reports, half-year and full-year results and other market presentations and releases.

### Equity and dividends

#### SHAREHOLDERS' EQUITY

It is DNO's policy to maintain a strong credit profile and robust capital ratios. We therefore monitor capital on the basis of our equity ratio, with a policy that this ratio should be 30 percent or higher. As of 31 December 2023, this ratio was 47 percent.

#### DIVIDEND POLICY

The Board of Directors assesses on an annual basis whether dividend payments should be proposed for approval at the Annual General Meeting (AGM). Assessment is based on planned operational spend, cash flow projections and DNO's objective of maintaining a strong credit profile and robust capital ratios. The Board also assesses dividend capacity prior to each resolution on dividend payment.

At the 2022 AGM, 99.9 percent of the votes cast approved the resolution to authorize the Board of Directors to approve total dividend distributions of up to NOK 1 per share from the date of the 2022 AGM until the date of the 2023 AGM. Following this, the Board of Directors decided to distribute quarterly dividends of NOK 0.25 in August and November 2022, as well as in February and May 2023.

At the 2023 AGM, 99.3 percent of the votes cast approved of the resolution to authorize the Board of Directors to approve dividend distributions at its own discretion from the date of the 2023 AGM until the date of the 2024 AGM. Following this, the Board of Directors decided to distribute quarterly dividends of NOK 0.25 in August and November 2023, as well as in February 2024.

## OTHER AUTHORIZATIONS TO THE BOARD OF DIRECTORS

At the 2022 AGM, the Board of Directors was given the authority to acquire treasury shares with a total nominal value of up to NOK 24,385,818 which corresponds to 97,543,373 shares. The maximum amount to be paid per share was NOK 100 and the minimum amount was NOK 1. The authorization was time-limited until the 2023 AGM, and not beyond 30 June 2023.

Based upon this authorization, DNO in December 2022 announced the initiation of a share buyback program through which the Company would repurchase up to 53,107,326 shares, representing approximately five percent of total shares outstanding, for a maximum total consideration of USD 80 million. On 21 March 2023, the Company announced the completion of this program.

At the 2023 AGM, 99.3 percent of the votes cast approved of the proposal to reduce the Company's share capital by cancelling the 53,107,326 treasury shares acquired under the buyback program as well as 26,269,183 treasury shares held prior to the program. Following this, the Company's share capital is NOK 243,750,000 divided into 975,000,000 shares, each with a nominal value of NOK 0.25.

A new authorization to acquire treasury shares was approved by the 2023 AGM, as the Board of Directors was given the authority to acquire treasury shares with a total nominal value of up to NOK 24,375,000 which corresponds to 97,500,000 shares. The maximum amount that can be paid for each share is NOK 100 and the minimum is NOK 1. The acquisition and sale of treasury shares may take place in any way the Board may find appropriate other than by subscription of shares. The authorization is valid until the 2024 AGM, but not beyond 30 June 2024.

The 2023 AGM also authorized the Board of Directors to increase the Company's share capital by up to NOK 24,375,000 which corresponds to 97,500,000 new shares. The authorization is time-limited until the 2024 AGM, and not beyond 30 June 2024.

In addition, the Board of Directors was given the authority to raise convertible bonds with an aggregate principal amount of up to USD 300,000,000. Upon conversion of bonds issued pursuant to this authorization, the Company's share capital may be increased by up to NOK 24,375,000. The authorization is valid until the 2024 AGM, but not beyond 30 June 2024.

## Equal treatment of shareholders and transactions with related parties

The Company has one class of shares and each share represents one vote. We are committed to treating all shareholders equally.

All transactions between the Company and related parties shall be on arm's length terms. Members of the Board of Directors and executive management are required to notify the Board if they have any direct or indirect material interest in any transaction entered into by the Company.

## Freely negotiable shares

The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable.

## General meetings

The AGM, usually held in the end of May or early June each year, is the highest authority of the Company. The minutes of the meetings are available on the Company's website.

AGMs are convened by written notice to all shareholders with a known address and published on the Company's website together with all appendices, including the recommendations of the nomination committee. The notice is sent and published no later than 21 days prior to the date of the meeting. Any person who is a shareholder at the time of the AGM can attend and vote, provided that they have been registered as a shareholder no later than the fifth working day before the meeting.

Shareholders unable to attend a general meeting may vote through a proxy.

In accordance with the Norwegian Public Limited Liability Companies Act, the auditor of DNO, or shareholders representing at least five percent of the share capital, may request an extraordinary general meeting to deal with specific matters. The Board of Directors must ensure that the meeting is held within one month after the request has been submitted.

## Board of Directors' composition and independence

The Company's Articles of Association require that the Board of Directors consist of three to seven members. All members, including the Executive Chairman, are elected with an election period until the 2025 AGM.

As of 31 December 2023, the Board of Directors consisted of five members, all of whom have relevant and broad experience. There are two women on the Board. The majority of the members are independent of the Company's executive management and material business contacts.

The board members' shareholdings are specified in the notes to the consolidated accounts.

## The Board of Directors' work

The role of the Board of Directors is to supervise the Company's executive management and strategic development in accordance with the long-term interests of the Company's shareholders and other stakeholders.

The Board of Directors is subject to a set of procedural rules that, among other things, defines its responsibilities and the matters to be discussed at board level. The Board of Directors also regularly establishes work directives for the Managing Director.

## Directors' and officers' insurance

The Company has directors' and officers' liability insurance which covers the cost of compensation claims made against the Company's directors and key managers (officers) for alleged wrongful acts.

## The Board of Directors' committees

### AUDIT COMMITTEE

The audit committee consists of two members: Mr. Gunnar Hirsti (chair) and Ms. Elin Karfjell. The audit committee shall evaluate the financial accounting and reporting process and its

responsibilities by law include monitoring the systems for internal control and risk management including the Company's internal audit function, as well as reviewing and monitoring the appointment, independence, and performance of the external auditor.

#### **HSSE COMMITTEE**

The HSSE (health, safety, security and environment) committee consists of Mr Najmedin Meshkati (chair) and Ms. Anita Marie Hjerkin Aarnæs. Its mandate is to review the Company's management of operational HSSE risks and performance.

#### **REMUNERATION COMMITTEE**

The remuneration committee consists of two members: Mr. Bijan Mossavar-Rahmani and Mr. Gunnar Hirsti. Its mandate is to consider matters relating to the compensation of executive management.

#### **NOMINATION COMMITTEE**

The Company's nomination committee consists of Mr. Bijan Mossavar-Rahmani and two external members, Mr. Ferris J. Hussein and Mr. Kåre Tjønneland. Its mandate is to propose candidates for the Board of Directors and its various committees to the AGM. It also proposes the level of remuneration for the Board of Directors.

It is the Company's assessment that it is in the interest of DNO and its shareholders that the largest shareholder is represented on the nomination committee. To ensure the independence of the nomination committee, it also consists of two additional members who are both considered independent of the Board of Directors and the Company's main shareholders.

#### **REMUNERATION OF DIRECTORS**

The remuneration of the Board of Directors and its committees is decided by the AGM based on a recommendation from the nomination committee. Fees reflect the Board of Directors' responsibility, competence, workload and the complexity of the business and are determined separately for the Executive Chairman, the Deputy Chairman and other members. Additional fees are applied on a uniform basis for each director's participation in the committees. Further information about the Board of Directors' remuneration is presented in the parent company accounts (see Note 3).

### **Remuneration of executive management**

The remuneration of the Company's executive management, including the Managing Director, is subject to the evaluation and recommendation of the remuneration committee. The remuneration of the Company's Managing Director is evaluated annually and approved by the Board of Directors.

The remuneration of executive management is presented in the parent company financial statements (see Note 3).

### **Responsibility for risk management and internal control**

Risk management is integral to all of the Group's activities. Each member of executive management is responsible for continuously monitoring and managing risk within the relevant business areas. Every material decision is preceded by an evaluation of applicable business risks.

Reports on the Group's risk exposure and reviews of its risk management are regularly undertaken and presented to the executive management and the Board of Directors through the audit committee. The Company has an internal audit function

and a compliance function whose responsibilities include ensuring regulatory requirements and internal policies are followed.

### **Information and communication**

Our policy is to provide material information to all shareholders in a timely manner.

DNO's consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act. Interim reports and other relevant information are published on DNO's website and through the Oslo Stock Exchange.

DNO also publish an annual financial calendar setting out key dates and events, such as regular market presentations. The DNO investor relations' policy encourages open communication with capital markets and shareholders. In addition to scheduled quarterly presentations, we regularly hold presentations for investors and analysts.

### **Takeover**

The Board of Directors has a responsibility to ensure that, in the event of a takeover bid, business activities are not disrupted unnecessarily. The Board of Directors also has a responsibility to ensure that shareholders have sufficient information and time to assess any such bid. Should a takeover situation arise, the Board of Directors would undertake an evaluation of the proposed bid terms and provide a recommendation to the shareholders as to whether or not to accept the proposal. The recommendation statement would clearly state whether the Board of Directors' evaluation is unanimous and the reasons for any dissent.

### **Auditor**

DNO's external auditor is elected at the AGM, which also approves the auditor's fees for the parent company. The auditor annually presents an audit plan to the audit committee and participates in audit committee meetings to review the Group's internal control and risk management systems. The auditor also participates in board meetings when considered appropriate, with and without executive management present.

Information about the auditor's fees, including a breakdown of audit related fees and fees for other services, is included in the notes to the financial statements in accordance with the Norwegian Accounting Act.

DNO's external auditor is Ernst & Young AS.



## Enterprise risk management

The objective of DNO's risk management is to identify potential exposures that may impact the Group and to manage identified risks within strict guidelines while pursuing our business objectives. We continuously review our risk profile, incorporating industry-recognized risk identification and quantification processes. The Board of Directors and its committees also regularly monitor the Group's risk management systems and internal controls.

### Financial risk

Risks related to oil and gas prices, interest rates and currency exchange rates, liquidity risk, concentration risk and credit risk constitute financial risks for the Group. Financial risks are managed by the Group finance function based on guidelines set by the Board of Directors. For more information about how we manage financial risk, see Note 22 in the consolidated accounts.

### Entitlement risk

DNO has interests in two licenses in Kurdistan through Production Sharing Contracts (PSCs) and has based its entitlement calculations on the terms of these PSCs.

The Company notes from public reports that on 15 February 2022, the Federal Supreme Court of Iraq (FSCI) ruled on a matter stemming back to 2012 along with another related matter dating back to 2019. Reportedly, the FSCI found amongst other things that the Kurdistan Oil and Gas Law No. 27/2007 (KOGL) is unconstitutional, that the KRG is to hand over all oil production from areas located in the Kurdistan region of Iraq (KRI) to the Federal Government of Iraq (FGI) and that the FGI has the right to pursue the nullity of the oil contracts concluded by the KRG. DNO was not a party to the legal proceedings. DNO has learned via media reports that on 4 July 2022, a commercial court in Baghdad ruled that PSCs signed between the KRG and four international oil companies including DNO should be voided. Likewise, DNO notes from media reports that on 21 August 2022, the KRG filed third party objections to the reported 4 July 2022 Baghdad court rulings including those understood to concern DNO. These cases, along with other similar cases against international oil companies, are reported to be still pending. Furthermore and importantly, the KRG has issued repeated reassurances that the PSCs remain valid. There have been several rulings in Erbil courts affirming the validity of the PSCs. DNO notes from public reports that there is dialogue between the KRG and the FGI on oil related matters, including on possible amendments of the new 2023-2025 Federal Iraqi Budget Law FGI's 2023 to 2025 Budget Law (Budget Law). It is unclear how and when the KRG and the FGI will permanently address these matters. To date, DNO continues its operations in Kurdistan, and developments are closely monitored.

Due to disagreements between the FGI and the KRG, economic conditions in Kurdistan and limited oil export channels, DNO has historically faced constraints in fully monetizing the oil it produces in Kurdistan. There is no guarantee that oil can be exported or sold locally in sufficient quantities or at prices required to sustain DNO's operations and investment plans or that the Group will promptly receive its full entitlement payments for the oil it delivers for export. Export sales have not always followed the PSC terms and there has been uncertainty related to receipt of payments but

notwithstanding sometimes lengthy delays, payments have ultimately been received by DNO.

In 2014, the FGI initiated an arbitration case against the Government of Türkiye and its state-owned pipeline operator BOTAS relating to the ITP. 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. Consequently, DNO announced an orderly shutdown of its production in Kurdistan on 29 March 2023. As of the reporting date, the ITP remains closed. Despite Türkiye's announcement in October 2023 that the ITP is ready to resume operations. There are media reports that indicate that the ongoing discussions between the FGI and the KRG about the Budget Law amendments can be linked to the delay of the restart of export of Kurdish oil through the ITP.

At yearend 2023, the Company was owed a total of USD 315 million, excluding any interest, by the KRG mainly related to export oil sales to the KRG for the months October 2022 through March 2023. These receivables are past due (see Note 14). The KRG has repeatedly stated that it is and remains committed to its PSCs. Timing of export resumption and payments for previous oil sales by the KRG is uncertain. Consequently, DNO initiated cost reduction measures in Kurdistan and commenced local sales on a cash and carry basis, where the oil is transported by traders by road tanker or pipelined to local refineries. The contractor entities' entitlement is sold by DNO. Varying by contract, local selling prices were in the low-to-mid USD 30s per barrel during 2023, significantly lower than the international prices previously achieved through pipeline export. However, all local deliveries are prepaid by the buyers directly to DNO, eliminating counterparty credit risk. The Company continues to engage with the KRG regarding recovery of the arrears and payment terms and conditions for any future oil exports.

The FGI's 2023 to 2025 Budget Law entered into force in June 2023. Under the Budget Law, the KRG will be allocated a share of the federal budget plus compensation for oil production and transportation costs which, according to the Budget Law, shall be based on an average cost of production of certain, undefined Iraqi fields. The conditions for KRG receiving a share of the FGI budget include a requirement for the KRG to handover 400,000 bopd of oil produced from fields in Kurdistan to Iraq's State Oil Marketing Organization (SOMO), for marketing and sale. The details of FGI-KRG budget allocations, implementation of the Budget Law and the monetary size of the budget transfers to the KRG are not clear to DNO and are reportedly still under negotiation between the KRG and the FGI.

### Operational risk

DNO is exposed to operational risks across its portfolio. Operational risk applies to all stages of upstream operations, including exploration, development and production. Failure to manage operations efficiently can manifest itself in project delays, cost overruns, higher-than-estimated operating costs and lower-than-expected oil and gas production and/or reserves. Exploration activities are capital intensive and involve a high degree of geological risk. Sustained exploration failure can affect the future growth and upside potential of DNO. Our ability to effectively manage and deliver value from our exploration, development and production activities is dependent on the quality of our staff and contractors. Inefficiency or interruption to our supply chain or the unwillingness of service contractors to engage in our areas of operation may also negatively affect operations.

DNO seeks to mitigate its operational risk through diligent follow-up and management of both operated and partner-operated assets. Defined targets and milestones are set for all exploration and development projects, against which progress is continuously monitored, allowing for early identification of complications and timely remedial action. Risks of inefficiency or interruption in the value chain are managed through close monitoring of operational progress, efforts to eliminate the probability of occurrence, as well as plans to mitigate adverse consequences of such incidents should they occur.

### Environmental risk

Oil and gas exploration and production, by its nature, involves exposure to potentially hazardous materials. The loss of containment of hydrocarbons or other dangerous substances could represent material risks. Through our operational controls, environmental impact assessments, asset integrity protocols and management systems related to health, safety and the environment, we mitigate environmental hazards and related risks to our personnel, assets, profitability and reputation.

### Climate-related risk

Climate change concerns may prompt environmental action to limit the use of fossil fuels, thereby affecting future demand and supply for oil and gas and the pricing of these commodities. In parallel, investor appetite for oil and gas investments both within equity and debt markets may be reduced, inhibiting the Group's ability to obtain funding. Increasing concerns about adverse climate impact could also reduce the attractiveness of oil and gas sector companies (including DNO) as employers.

In the North Sea, carbon prices have been rising through CO<sub>2</sub> taxes, emissions trading schemes and carbon price floors. Policies requiring electrification of offshore oil and gas production may also increase North Sea operational costs.

In Kurdistan, the Government in 2021 introduced a requirement that oil and gas companies curb associated gas flaring and thus reduce emissions. While the Group is a pioneer in flaring reduction measures in Kurdistan, having built the first associated gas capture and injection facilities in the region at the Tawke license, stricter policies or sanctions may increase the Group's operational cost or preclude development of oil fields with high gas-oil-ratios.

In preparing these financial statements, management has considered the impact of climate-related risks by assessing the potential effects of stricter climate policies on its oil and gas portfolio. To assess the robustness of its oil and gas assets, the Company has run sensitivities with the oil and gas price assumptions described by scenarios outlined by the International Energy Agency (IEA), namely the Stated Policies Scenario, Announced Pledges Scenario and the Net Zero Emissions by 2050 Scenario (see Note 11).

In addition to the financial aspects mentioned above, climate change may represent a physical risk to personnel and facilities in the form of increased frequency and severity of extreme weather events.

### Security risk

Although some of our operations are in regions with security risks, we continuously work to manage these risks through clearly defined protocols and practices. Nevertheless, we are

often dependent on the quality of the security and protection provided by authorities in host countries.

### Compliance risk

DNO has a policy of zero tolerance for bribery, corruption, fraud and any other illegal business conduct. Violations of compliance laws and contractual obligations can result in fines and a deterioration in the Group's ability to effectively execute its business. DNO adheres to a strict and comprehensive conflict of interest policy, trade sanctions and other policies focused on the Group's Code of Conduct to ensure regulatory and company expectations are met. The Company encourages its personnel to raise concerns about unethical or illegal behavior and breaches of DNO's Code of Conduct or other Company policies. The Company also has a confidential channel for those who wish to raise such matters in strict privacy or even anonymously.

### Political risk

Our portfolio is located in some countries where political, social and economic instability may adversely impact our business. Relevant political developments on both the federal and regional level in Iraq and otherwise in the Middle East are closely monitored by the Group, although our operations to date have been minimally impacted.

The Company notes the implications for commodity prices and potential interruptions of supply chains and third-party services from the ongoing conflicts. DNO is monitoring international sanctions and trade control legislation to ensure compliance and mitigate the potential impact on the Company's operations.

### Stakeholder risk

In order to operate effectively, the Company is maintaining productive and proactive relationships with its stakeholders, host governments, business partners and the communities in which we operate. Failure to do so can result in difficulties in progressing initiatives as well as delays to ongoing operations.

---

## HSSE performance

Our HSSE standards, procedures and protocols are based on the following principles:

- Avoid harm to all involved in, or affected by, our operations;
- Minimize and where possible eliminate the impact of our operations on the environment;
- Comply with all applicable legal and regulatory requirements; and
- Achieve continuous improvement in HSSE performance.

During 2023:

- Our Total Recordable Injury Frequency (TRIF) was 1.50, compared to 1.44 in 2022.
- There was one Lost Time Injury during the year, compared to seven in 2022.
- One Serious Vehicle Accident took place with distances driven of 4.9 million kilometers.
- Total GHG emissions from operated assets and from all DNO's offices and travel stood at 250,381 tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), compared to 585,481 tonnes in 2022.
- DNO's total GHG emissions were made up of 247,191 tonnes of CO<sub>2</sub>e in Scope 1 emissions, 383 tonnes of CO<sub>2</sub>e in Scope

2 emissions, and 2,808 tonnes of CO<sub>2</sub>e in Scope 3 emissions (category six only).

- Through the operated Peshkibir-to-Tawke gas project a total of 2.8 billion cubic feet (bcf) of otherwise-flared associated gas was captured and injected in 2023, delivering GHG savings of 199,880 tonnes of CO<sub>2</sub>e.
- A total of 22 bcf of otherwise-flared associated gas has been captured and injected since gas injection started in 2020, delivering GHG savings of 1.4 million tonnes of CO<sub>2</sub>e.
- The number of oil spills stood at one, compared to three in 2022; and
- The total volume of spills was 28 barrels compared to 92 barrels in 2022, most of which was removed and remediated.

Largely due to minor but reportable incidents on third party rigs in the North Sea in 2023, DNO had a TRIF of 1.50, which is higher than the industry average TRIF of 0.90 (based on data from International Association of Oil and Gas Producers (IOGP) for year 2022, the latest year for which data are available). The Company is determined to improve its safety performance and aims for a TRIF at the IOGP industry average or better.

The Scope 1 and Scope 2 GHG intensity from our operated assets averaged 14.6 kilograms of CO<sub>2</sub> equivalent (kgCO<sub>2</sub>e) per barrel of oil equivalent (boe) produced in 2023, compared to 14.8 kgCO<sub>2</sub>e/boe in 2022. Our performance compared favorably to the target set by a group of 12 of the world's largest oil and gas companies comprising the Oil and Gas Climate Initiative (OGCI) to reduce the average intensity of their upstream operations to 17 kgCO<sub>2</sub>e/boe by 2025 from a collective baseline of 23 kgCO<sub>2</sub>e/boe in 2017.

#### Further activities

To improve the quality and coverage of our GHG quantification and to better inform our GHG reduction efforts, we engaged a third-party technical advisor in 2023 for a thorough review of our GHG verification process. Although this work has improved accuracy of DNO's GHG emissions quantification from 2023 onward, it did not find any material shortcomings in DNO's practices. Looking ahead, DNO has set a GHG emissions intensity target well below the average of the global upstream industry.

In addition to its efforts to reduce CO<sub>2</sub> emissions, DNO focuses on reduction of methane emissions, a potent GHG. Since 2022, DNO has been a signatory of the Aiming for Zero Methane Emissions Initiative, an oil and gas industry pledge coordinated by the OGCI, to reach near zero methane emissions from the Company's operated oil and gas assets by 2030 and actively work with its partners in its non-operated assets to achieve the same. In 2023, DNO joined the Methane Guiding Principles (MGP), a coalition of industry and civil society organizations to reduce methane emissions across the oil and gas global supply chain. The MGP members develop and share practical tools and guidance to help others to learn from their experience and put those lessons into practice.

In order to reduce its own methane emissions, DNO has put in place a Tawke license-wide Leak Detection and Repair (LDAR) project to discover, measure and mitigate fugitive methane emissions.

## Organization and personnel

At yearend 2023, DNO had a workforce of 1,085 employees, of which 13 percent were women. A total of 61 individuals were based at the Company's headquarters in Oslo and 1,024 were engaged across our international operations, including in business unit offices in Erbil, Stavanger, Dubai and Aberdeen. Our workforce is characterized by strong cultural, religious and national diversity, with some 39 nationalities represented.

At yearend 2023, the Board of Directors consisted of five members, two of whom are women (40 percent). Executive management and other leading personnel<sup>2</sup> consisted of three women (33 percent) and six men.

The Company is committed to maintain a working environment with equal opportunities for all based on qualifications, irrespective of gender, ethnicity, sexual orientation, or disability.

DNO continues to recruit and promote women who at yearend 2023 represented 32 percent of employees in managerial, administrative and other non-field operational positions. In the Erbil office, women represented 21 percent of all employees; the comparable figure in the Dubai office was 21 percent and 40 percent across the Oslo, Stavanger and Aberdeen offices combined.

There were no incidents of discrimination reported through the internal mechanisms for raising concern in 2023.

Sickness absence in the Group in 2023 was 1.0 percent, compared to 1.2 percent in 2022.

#### Workforce diversity in DNO Norway

In Norway, DNO had a workforce of 183 employees at yearend 2023, of which 42 percent were women. A total of three employees worked part time during 2023, of which two were women. No employees in DNO work part time unless they have initiated or proposed it themselves. A total of nine employees were on parental leave. Women had an average of 19.5 weeks of parental leave and men had an average of 14.6 weeks of parental leave.

Salary mapping of 2023 average women's salaries and bonuses compared to those of their male colleagues in the same job category is shown below in descending order of seniority for Norway-based employees:

Women's compensation as percentage of those of men's:	Base salary	Bonus
Level 1	-	-
Level 2	97%	112%
Level 3	103%	108%
Level 4	83%	87%
Level 5	-	-
All employees	85%	82%

Men and women with the same level of jobs, with equal professional experience and who perform equally receive the same pay in DNO. The complexity of the job, discipline area and work experience affect the pay level of individual employees.

<sup>2</sup> Executive management and other leading personnel as defined on the Company's website.



Diversity is an important part of our key human resources processes such as recruitment, succession planning, promotions, performance management and employee development. In the first half of 2024, DNO plans to establish Diversity and Inclusion guidelines expressing the principles to be followed, with clear targets and a plan for action.

**Working environment in DNO Norway**

DNO has a Working Environment Committee (WEC) as required under the Norwegian Working Environment Act. The committee has an important role in monitoring and improving the working environment and in ensuring that the Company complies with laws and regulations in this area. The Company is committed to maintaining an open and constructive dialogue with the employee representatives and arranged meetings on a regular basis throughout the year. In the Board of Directors' view, the working environment in DNO during 2023 was good as confirmed through WEC meetings and employee satisfaction surveys.

**Leading personnel remuneration policy**

The 2023 remuneration of the Company's executive management was based on the latest approved remuneration guidelines at the 2023 AGM, as published on the Company's website.

## Executive management as of 13 March 2024



### CHRIS SPENCER

*Managing Director*

Mr. Spencer joined DNO in 2017. Mr. Spencer previously served as CEO of Rocksource ASA and in various roles at Royal Dutch Shell and BP. Mr. Spencer is a Chartered Engineer with the Institution of Chemical Engineers in the United Kingdom.



### HAAKON SANDBORG

*Chief Financial Officer*

Mr. Sandborg joined DNO in 2001. In addition to his oil and gas experience, he has a background in banking, including positions at DNB Bank. Mr. Sandborg holds a Master of Business Administration from the Norwegian School of Business Administration.



### GEIR ARNE SKAU

*Chief Human Resources and Corporate Services Officer*

Mr. Skau joined DNO in 2019. Mr. Skau previously served in the Norwegian Armed Forces and in various human resources leadership roles at TechnipFMC. Mr. Skau was educated at the Norwegian Military Academy.



### LINN HOEL

*Chief Commercial Officer*

Ms. Hoel joined DNO in 2024, coming from a position as corporate advisor with MP Energy Advisory. She previously served in managerial roles at Wintershall Dea and Equinor. Ms. Hoel holds a law degree from the University of Oslo.



### ERLEND EINUM

*Chief Business Development Officer*

Mr. Einum joined DNO in 2024, coming from an executive position at Waldorf Production. Prior to this, he spent 16 years at Pareto Securities, where he was a senior partner in the firm's investment banking division. He holds a finance degree from the Norwegian School of Economics.



### SAMEH HANNA

*General Manager Kurdistan region of Iraq*

Mr. Hanna joined DNO in 2022. He previously served as President of MI-SWACO worldwide and in various other operational and managerial roles at Schlumberger. Mr. Hanna holds a Bachelor of Science in Electronics from Ain Shams University, Cairo, and has completed management education programs at MIT Sloan, Lausanne School of Economics and Harvard University.



### ELISABETH FEMSTEINEVIK

*General Manager DNO North Sea*

Ms. Femsteinevik joined DNO in 2019. She previously served in managerial roles at Faroe Petroleum and Equinor. She holds a geoscience degree from the University of Oslo.

## Parent company

The parent company, DNO ASA, reported a net profit of USD 86.7 million, down from USD 342.5 million in 2022. Total assets as of 31 December 2023 stood at USD 1,160 million, down from USD 1,288.2 million at yearend 2022. The parent company's cash balance at yearend 2023 was USD 461.2 million, down from USD 641 million at yearend 2022. Total liabilities decreased from USD 647.4 million at yearend 2022 to USD 572.3 million at yearend 2023. Total equity at yearend 2023 was USD 587.7 million, down from USD 640.8 million in 2022. The equity ratio was 50.7 percent (49.7 percent at yearend 2022).

Total dividend of USD 92 million was paid in 2023. In addition, a dividend of USD 23.1 million was accrued at yearend 2023 in the parent company accounts following board approval in February 2024. The Board of Directors will recommend that the shareholders approve the transfer of the net profit of USD 86.7 million to retained earnings at the forthcoming AGM.

## Main events since yearend

On 8 February 2024, the Company announced that pursuant to the authorization granted at the 2023 AGM, the Board of Directors has approved a dividend payment of NOK 0.25 per share. Payment of the dividend was made on 26 February 2024.

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 is expected to add some four million barrels of oil equivalent net to DNO, of which 90 percent gas. The cash consideration is USD 70 million plus a contingent consideration of up to USD 5 million if certain operational targets are met. The effective date is set to 1 January 2024 and the transaction is expected to close in the second quarter of 2024, subject to authorities' approval.

On 22 January 2024, DNO ASA fully completed a USD 131.2 million call option redemption of the DNO03 bond (ISIN: NO0010852643) at redemption price of 100 percent plus accrued interest.

On 16 January 2024, the Company announced that its wholly-owned subsidiary DNO Norge AS has been awarded participation in 14 exploration licenses, of which three are operatorships, under Norway's APA 2023 licensing round. Of the 14 new licenses, 10 are in the North Sea and four in the Norwegian Sea.

Oslo, 13 March 2024

Bijan Mossavar-Rahmani  
*Executive Chairman*

Gunnar Hirsti  
*Deputy Chairman*

Elin Karfjell  
*Director*

Anita Marie Hjerkin Aarnæs  
*Director*

Najmedin Meshkati  
*Director*

Christopher Spencer  
*Managing Director*



## Responsibility statement

DNO ASA's consolidated financial statements for the period 1 January to 31 December 2023 have been prepared and presented in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for DNO ASA for the period 1 January to 31 December 2023 have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards. We confirm to the best of our knowledge that the consolidated and separate financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial statements, any significant related parties' transactions and a description of the significant risks and uncertainties to which the Group and the parent company are exposed.

Oslo, 13 March 2024

Bijan Mossavar-Rahmani  
*Executive Chairman*

Gunnar Hirsti  
*Deputy Chairman*

Elin Karfjell  
*Director*

Anita Marie Hjerkin Aarnæs  
*Director*

Najmedin Meshkati  
*Director*

Christopher Spencer  
*Managing Director*





## Group company accounts

Consolidated statements of comprehensive income	21
Consolidated statements of financial position	22
Consolidated cash flow statements	23
Consolidated statements of changes in equity	24

### Note disclosures

Note 1	Accounting principles	25
Note 2	Segment information	27
Note 3	Revenues	29
Note 4	Cost of goods sold	31
Note 5	Administrative/Other expenses	32
Note 6	Exploration expenses	34
Note 7	Financial income and financial expenses	35
Note 8	Income taxes	36
Note 9	Intangible assets	38
Note 10	Property, plant and equipment	40
Note 11	Impairments	42
Note 12	Joint venture	46
Note 13	Inventory	47
Note 14	Other non-current receivables/Trade and receivables	48
Note 15	Cash and cash equivalents	49
Note 16	Equity	49
Note 17	Interest-bearing liabilities	51
Note 18	Lease liabilities	53
Note 19	Asset Retirement obligations	54
Note 20	Other liabilities	56
Note 21	Trade and other payables	56
Note 22	Financial instruments	57
Note 23	Commitments and contingencies	61
Note 24	Earnings per share	62
Note 25	Group companies	63
Note 26	Oil and gas reserves (unaudited)	64
Note 27	Oil and gas license portfolio	66
Note 28	Significant events after the reporting date	70

## Parent company accounts

Income statement	72
Balance sheet	72
Cash flow statement	74
Note disclosures	75
Country-by-Country report	85
Auditor's report	86
EU Taxonomy	93
Alternative performance measures	95
Glossary and definitions	98



# Consolidated statements of comprehensive income

1 January - 31 December

USD million	Note	2023	2022
Revenues	2, 3	667.5	1,377.0
Cost of goods sold	4	-364.8	-460.9
<b>Gross profit</b>		<b>302.7</b>	<b>916.1</b>
Share of profit/-loss from Joint Venture	12	11.9	6.0
Other income/-expenses		1.6	2.8
Administrative expenses	5	-23.3	-17.9
Other operating expenses	5	-7.9	-7.7
Impairment oil and gas assets	11	-24.9	-371.3
Exploration expenses	6	-47.7	-96.5
Net gain on disposal of licenses	20	5.8	-
<b>Operating profit/-loss</b>		<b>218.3</b>	<b>431.4</b>
Financial income	7	45.0	13.8
Financial expenses	7	-112.0	-98.7
<b>Profit/-loss before income tax</b>		<b>151.3</b>	<b>346.5</b>
Tax income/-expense	8	-132.7	38.4
<b>Net profit/-loss</b>		<b>18.6</b>	<b>384.9</b>
<b>Other comprehensive income</b>			
Currency translation differences		-10.9	-31.6
<b>Items that may be reclassified to profit or loss in later periods, net of tax</b>		<b>-10.9</b>	<b>-31.6</b>
Net fair value changes from financial instruments		-	14.2
<b>Items that are not reclassified to profit or loss in later periods, net of tax</b>		<b>-</b>	<b>14.2</b>
<b>Total other comprehensive income, net of tax</b>		<b>-10.9</b>	<b>-17.4</b>
<b>Total comprehensive income, net of tax</b>		<b>7.7</b>	<b>367.5</b>
Net profit/-loss attributable to:			
Equity holders of the parent		18.6	384.9
Non-controlling interests		-	-
Total comprehensive income attributable to:			
Equity holders of the parent		7.7	367.5
Non-controlling interests		-	-
Earnings per share, basic (USD per share)	24	0.02	0.39
Earnings per share, diluted (USD per share)	24	0.02	0.39
Weighted average number of shares outstanding (millions)		980.04	986.97

# Consolidated statements of financial position

Years ended 31 December

USD million	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	9	43.2	56.1
Other intangible assets	9	202.1	97.2
Property, plant and equipment	10	1,133.2	1,108.6
Investment in Joint Venture	12	67.9	76.1
Other non-current receivables	14	129.8	-
<b>Total non-current assets</b>		<b>1,576.2</b>	<b>1,338.1</b>
<b>Current assets</b>			
Inventories	13	77.8	47.0
Trade and other receivables	14	265.4	437.8
Tax receivables	8	-	25.8
Cash and cash equivalents	15	718.8	954.3
<b>Total current assets</b>		<b>1,062.1</b>	<b>1,464.9</b>
<b>TOTAL ASSETS</b>		<b>2,638.3</b>	<b>2,803.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Shareholders' equity	16	1,234.8	1,369.4
<b>Total equity</b>		<b>1,234.8</b>	<b>1,369.4</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	192.4	62.4
Interest-bearing liabilities	17	392.0	546.4
Lease liabilities	18	14.0	6.5
Asset retirement obligations	19	382.7	368.2
Other liabilities	20	7.3	4.9
<b>Total non-current liabilities</b>		<b>988.4</b>	<b>988.4</b>
<b>Current liabilities</b>			
Trade and other payables	21	221.1	244.1
Income taxes payable	8	4.6	125.7
Current interest-bearing liabilities	17	166.2	8.4
Current lease liabilities	18	3.6	6.8
Asset retirement obligations	19	10.6	20.5
Other liabilities	20	9.1	39.8
<b>Total current liabilities</b>		<b>415.1</b>	<b>445.3</b>
<b>Total liabilities</b>		<b>1,403.5</b>	<b>1,433.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,638.3</b>	<b>2,803.0</b>

Oslo, 13 March 2024

Bijan Mossavar-Rahmani  
Executive Chairman

Gunnar Hirsti  
Deputy Chairman

Elin Karfjell  
Director

Anita Marie Hjerkin Aarnæs  
Director

Najmedin Meshkati  
Director

Christopher Spencer  
Managing Director

# Consolidated cash flow statements

1 January - 31 December

USD million	Note	2023	2022
<b>Operating activities</b>			
Profit/-loss before income tax		151.3	346.5
<b>Adjustments to add/-deduct non-cash items:</b>			
Exploration cost previously capitalized carried to cost	6	6.0	52.2
Depreciation, depletion and amortization	4	146.4	216.7
Impairment oil and gas assets	11	24.9	371.3
Time value effects receivables	7,14	44.3	-
Share of profit/-loss in Joint Venture	12	-11.9	-6.0
Amortization of borrowing issue costs	17	3.3	5.2
Accretion expense on ARO provisions	7,20	17.4	15.5
Interest expense	7	44.6	57.5
Interest income	7	-36.5	-12.9
Other		-10.0	11.0
<b>Changes in working capital items and provisions:</b>			
- Inventories	13	-30.8	-11.2
- Trade and other receivables	14	-2.3	59.9
- Trade and other payables	21	-23.0	11.5
- Provisions for other liabilities and charges	20	-28.7	5.9
<b>Cash generated from operations</b>			
		<b>294.9</b>	<b>1,123.0</b>
Income taxes paid		-123.1	-5.1
Tax refund received		33.5	-16.1
Interest received		35.3	12.5
Interest paid		-46.4	-58.1
<b>Net cash from/-used in operating activities</b>			
		<b>194.1</b>	<b>1,056.3</b>
<b>Investing activities</b>			
Purchases of intangible assets		-114.6	-74.6
Purchases of tangible assets		-163.6	-300.2
Payments for decommissioning		-17.9	-70.0
Acquisition of subsidiary, net of cash acquired	12	-	21.5
Payments from license transactions	20	-5.1	-
Proceeds from sale of financial investments		-	1.0
Equity contribution into Joint Venture	12	-6.9	-4.2
Dividends from Joint Venture	12	27.1	11.5
<b>Net cash from/-used in investing activities</b>			
		<b>-281.0</b>	<b>-415.0</b>
<b>Financing activities</b>			
Proceeds from borrowings	17	-	-
Repayment of borrowings	17	-	-323.7
Payment of debt issue costs		-	-
Purchase of treasury shares	16	-50.7	-11.7
Paid dividend	16	-92.0	-72.8
Payments of lease liabilities		-4.3	-10.8
<b>Net cash from/-used in financing activities</b>			
		<b>-147.0</b>	<b>-419.1</b>
<b>Net increase/-decrease in cash and cash equivalents</b>			
		<b>-233.9</b>	<b>222.3</b>
Cash and cash equivalents at beginning of the period		954.3	736.6
Exchange gain/-losses on cash and cash equivalents		-1.9	-4.5
<b>Cash and cash equivalents at end of the period</b>			
	<b>15</b>	<b>718.8</b>	<b>954.3</b>
Of which restricted cash	15	14.3	22.5



## Consolidated statements of changes in equity

USD million	Share capital	Share premium	Other comprehensive income		Retained earnings	Total equity
			Fair value changes equity instruments	Currency translation difference		
<b>Total shareholders' equity as of 31 December 2021</b>	<b>32.9</b>	<b>247.7</b>	<b>5.4</b>	<b>2.6</b>	<b>730.2</b>	<b>1,018.8</b>
Fair value changes from equity instruments	-	-	14.2	-	-	14.2
Currency translation differences	-	-	-	-31.6	-	-31.6
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>14.2</b>	<b>-31.6</b>	<b>-</b>	<b>-17.4</b>
Profit/-loss for the period	-	-	-	-	384.9	384.9
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>14.2</b>	<b>-31.6</b>	<b>384.9</b>	<b>367.5</b>
Share capital increase	1.8	95.9	-	-	-	97.7
Own shares retained as treasury shares from a transaction	-0.6	-	-19.6	-	-10.2	-30.4
Purchase of treasury shares	-0.3	-	-	-	-12.1	-12.4
Payment of dividend	-	-	-	-	-72.0	-72.0
<b>Transactions with shareholders</b>	<b>1.0</b>	<b>95.9</b>	<b>-19.6</b>	<b>0.0</b>	<b>-94.2</b>	<b>-16.9</b>
<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>

USD million	Share capital	Share premium	Other comprehensive income		Retained earnings	Total equity
			Fair value changes equity instruments	Currency translation difference		
<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>
Currency translation differences	-	-	-	-10.9	-	-10.9
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10.9</b>	<b>-</b>	<b>-10.9</b>
Profit/-loss for the period	-	-	-	-	18.6	18.6
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10.9</b>	<b>18.6</b>	<b>7.7</b>
Purchase of treasury shares	-1.1	-	-	-	-49.5	-50.5
Payment of dividend	-	-	-	-	-91.6	-91.6
<b>Transactions with shareholders</b>	<b>-1.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-141.1</b>	<b>-142.1</b>
<b>Total shareholders' equity as of 31 December 2023</b>	<b>32.9</b>	<b>343.6</b>	<b>-</b>	<b>-39.9</b>	<b>898.3</b>	<b>1,234.8</b>

On 17 August 2023, the cancellation of all 79.376.509 treasury shares held by the Company was completed. This reduction of share capital was approved by shareholders at the AGM on 25 May 2023.

## Note 1

## Accounting principles

### Principal activities and corporate information

The principal activities of the Group are international oil and gas exploration, development and production operations. DNO's activities are mainly undertaken in the Middle East, the North Sea and West Africa.

DNO ASA is a Norwegian public limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act ("allmennaksjeloven"). The Company was incorporated on 6 August 1971 and its registration number is 921 526 121. The shares in the Company have been listed on the Oslo Stock Exchange since 1981, currently under the ticker "DNO". The Company's registered office is located at Dokkveien 1, 0250 Oslo, Norway.

### Statement of compliance

The consolidated financial statements of DNO ASA have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act, effective as of 31 December 2023. The consolidated financial statements were approved by the Board of Directors on 13 March 2024.

### Basis for preparation

The consolidated financial statements have been prepared on a historical cost basis. As permitted by International Accounting Standard (IAS) 1 *Presentation of Financial Statements* and in conformity with industry practice, the expenses in the consolidated statements of comprehensive income are presented as a combination of nature and function as this gives the most relevant and reliable presentation for the Group.

Due to rounding, the figures in one or more rows or columns included in the financial statements and notes may not add up to the subtotals or totals of that row or column.

### Significant accounting estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the reporting date. Estimates and assumptions are based on management's best knowledge and experience and various other factors that are believed to be reasonable under the circumstances. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described in the relevant notes throughout this report, see below for references to notes. The Group based its assumptions and estimates on parameters available when the Group financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Estimates and assumptions

The key assumptions and key sources of estimation uncertainty for the Group are described in each of the following notes:

- Entitlement risk associated with operating in Kurdistan (Note 3 and 14);
- Notional corporate income tax/deferred taxation in Kurdistan (Note 8);
- Impairment assessment of capitalized exploration expenditures (Note 9);
- Impairment/reversal of oil and gas assets (Note 11);
- Estimation of the cost for decommissioning (Note 19);
- Contingencies, provisions and litigations (Note 23); and
- Reserves and resources estimates (Note 26).

### Group accounting and consolidation principles

#### Basis for consolidation

The consolidated financial statements include the financial statements of DNO ASA and its subsidiaries. The Company currently holds a 100 percent interest in all of its subsidiaries.

#### Functional and presentational currency

- The consolidated financial statements are presented in USD, which is also DNO ASA's functional currency and presentation currency.

Statements of comprehensive income and statements of cash flows of subsidiaries and joint operations that have a functional currency different from the parent company are translated into the presentation currency at average exchange rates each month. Statements of financial position items are translated using the exchange rate at the reporting date, with the translation differences taken directly to other comprehensive income.

### Interest in jointly controlled operations (assets)

A joint arrangement is present when DNO holds a long-term interest which is jointly controlled by DNO and one or more other parties under a contractual arrangement in which decisions about the relevant activities require the unanimous consent of the parties sharing control. Such joint arrangements are classified as either **joint operations** or **joint ventures**.

#### Joint operations

DNO recognizes its investments in joint operations by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the Group's financial statements.

#### Joint ventures

The Group's investments in a joint venture are accounted for using the equity method in accordance with *IAS 28 Investments in Associates and Joint Ventures*.

### License acquisitions, farm-in/out and swaps

Individual assessment is made whether the acquisition of an oil and gas license should be treated as a business combination or as an asset purchase. Generally, purchase of a license in development or production phase is regarded as a business combination, while purchase of a license in the exploration phase is regarded as an asset purchase.

A farm-in or farm-out of an oil and gas license takes place when the owner of a working interest (the farmor) transfers all or a

**Note 1****Accounting principles**

portion of its working interest to another party (the farmee) in return for an agreed upon consideration and/or action, such as conducting subsurface studies, drilling wells or developing the asset. Any cash consideration received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

In the development or production phase, a farm-in/farm-out agreement will be treated as a transaction recorded at fair value as represented by the costs carried by the farmee. Any gain or loss arising from the farm-in/farm-out is recognized in the statements of comprehensive income.

License swaps are measured at the fair value of the asset being exchanged, unless the transaction lacks commercial substance, or neither the fair value of the asset received, nor divested, can be reliably measured. In the exploration phase, the Group normally recognizes license swaps based on historical cost basis.

**■ Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year.

Other amendments and interpretations may apply for the first time in 2023 but are not considered to have any material impact on the Group's financial statements.

## Note 2

## Segment information

## Accounting policies

## Segment information

DNO's operating segments correspond to its reportable segments. The Company identifies and reports its segments based on the nature of the risk and return within its business and by the geographical location of the Group's assets and operations. The segment information is provided to the executive management and the Board of Directors who are considered to collectively be the Chief Operating Decision Maker and is used as the basis for allocation of resources and decision making.

The accounting policies of the reporting segments equal those described in these consolidated financial statements. Transfer pricing between the segments and companies is set using the arm's length principle in a manner similar to transactions with third parties and are eliminated at the consolidated level. Segment profit/-loss includes profit/-loss from inter-segment sales.

The Company reports the following three operating segments: Kurdistan, the North Sea (which includes the DNO's oil and gas activities in Norway and the UK) and West Africa (which represents the DNO's equity accounted investment in Côte d'Ivoire, see Note 12). Remaining operating segments are included in the other category based on a materiality assessment. The country-by-country reporting for companies in extractive industries in line with the Norwegian Accounting Act can be found in page 85 of this report.

## USD million

Full-Year ending  
31 December 2023

	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segments	Un-allocated/eliminated	Total Group
<b>COMPREHENSIVE INCOME INFORMATION</b>								
Revenues	3	253.2	414.4	-	-	667.5	-	667.5
Inter-segment sales		-	-	-	-	-	-	-
Production costs		-101.7	-122.1	-	-	-223.8	-0.3	-224.1
Movement in overlift/underlift		-	5.6	-	-	5.6	-	5.6
Depreciation, depletion and amortization		-97.0	-45.9	-	-	-143.0	-3.4	-146.4
Cost of goods sold	4	-198.7	-162.4	-	-	-361.1	-3.7	-364.8
<b>Gross profit</b>		<b>54.5</b>	<b>252.0</b>	<b>-</b>	<b>-</b>	<b>306.4</b>	<b>-3.7</b>	<b>302.7</b>
Share of profit/-loss from Joint Venture	12	-	-	11.9	-	11.9	-	11.9
Other income		-	1.6	-	-	1.6	-	1.6
Administrative expenses	5	-0.3	-5.3	-	-2.2	-7.8	-15.4	-23.3
Other operating expenses	5	-1.8	-	-	-6.1	-7.9	-	-7.9
Impairment of oil and gas assets	11	-	-24.9	-	-	-24.9	-	-24.9
Exploration expenses	6	-	-47.7	-	-	-47.7	-	-47.7
Net gain on disposal of licenses	19	-	5.8	-	-	5.8	-	5.8
<b>Operating profit/-loss</b>		<b>52.4</b>	<b>181.4</b>	<b>11.9</b>	<b>-8.3</b>	<b>237.4</b>	<b>-19.1</b>	<b>218.3</b>
Net financial income/-expense	7	-50.2	-6.7	0.8	0.5	-55.6	-11.4	-67.0
Tax income/-expense	8	-	-132.7	-	-	-132.7	-	-132.7
<b>Net profit/-loss</b>		<b>2.2</b>	<b>42.1</b>	<b>12.7</b>	<b>-7.8</b>	<b>49.1</b>	<b>-30.5</b>	<b>18.6</b>
<b>FINANCIAL POSITION INFORMATION</b>								
Non-current assets		855.1	639.0	67.9	-	1,562.0	14.2	1,576.2
Current assets		219.2	334.4	-	3.3	556.9	505.2	1,062.1
<b>Total assets</b>		<b>1,074.3</b>	<b>973.4</b>	<b>67.9</b>	<b>3.3</b>	<b>2,118.9</b>	<b>519.4</b>	<b>2,638.3</b>
Non-current liabilities		69.8	508.3	-	-	578.1	410.3	988.4
Current liabilities		67.3	189.9	-	7.9	265.1	150.0	415.1
<b>Total liabilities</b>		<b>137.0</b>	<b>698.2</b>	<b>-</b>	<b>7.9</b>	<b>843.2</b>	<b>560.3</b>	<b>1,403.5</b>



## Note 2

## Segment information

USD million

Full-Year ending 31 December 2022	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segments	Un- allocated/ eliminated	Total Group
<b>COMPREHENSIVE INCOME INFORMATION</b>								
Revenues	3	820.1	556.9	-	-	1,377.0	-	1,377.0
Inter-segment sales		-	-	-	-	-	-	-
Production costs		-124.7	-127.7	-	-	-252.4	0.1	-252.3
Movement in overlift/underlift		-	8.1	-	-	8.1	-	8.1
Depreciation, depletion and amortization		-126.8	-86.5	-	-	-213.3	-3.4	-216.7
Cost of goods sold	4	-251.5	-206.1	-	-	-457.6	-3.3	-460.9
<b>Gross profit</b>		<b>568.5</b>	<b>350.8</b>	<b>-</b>	<b>-</b>	<b>919.4</b>	<b>-3.3</b>	<b>916.1</b>
Share of profit/-loss from Joint Venture	12	-	-	6.0	-	6.0	-	6.0
Other income		-	2.8	-	-	2.8	-	2.8
Administrative expenses	5	-0.1	-6.0	-	-2.3	-8.4	-9.5	-17.9
Other operating expenses	5	-0.9	-	-	-6.8	-7.7	-	-7.7
Impairment of oil and gas assets	11	-	-371.3	-	-	-371.3	-	-371.3
Exploration expenses	6	-	-96.5	-	-	-96.5	-	-96.5
<b>Operating profit/-loss</b>		<b>567.6</b>	<b>-120.3</b>	<b>6.0</b>	<b>-9.1</b>	<b>444.2</b>	<b>-12.8</b>	<b>431.4</b>
Net financial income/-expense	7	10.4	-32.7	0.1	0.5	-21.6	-63.4	-85.0
Tax income/-expense	8	-	38.4	-	-	38.4	-	38.4
<b>Net profit/-loss</b>		<b>578.0</b>	<b>-114.5</b>	<b>6.1</b>	<b>-8.6</b>	<b>461.1</b>	<b>-76.1</b>	<b>384.9</b>
<b>FINANCIAL POSITION INFORMATION</b>								
Non-current assets		750.2	503.5	76.1	-	1,329.8	8.3	1,338.1
Current assets		355.4	418.3	-	11.5	785.3	679.7	1,464.9
<b>Total assets</b>		<b>1,105.5</b>	<b>921.8</b>	<b>76.1</b>	<b>11.5</b>	<b>2,115.0</b>	<b>687.9</b>	<b>2,803.0</b>
Non-current liabilities		68.1	391.8	-	-	459.9	528.4	988.4
Current liabilities		97.5	284.4	-	41.6	423.4	21.9	445.3
<b>Total liabilities</b>		<b>165.6</b>	<b>676.2</b>	<b>-</b>	<b>41.6</b>	<b>883.3</b>	<b>550.3</b>	<b>1,433.6</b>

## Note 3

## Revenues

## Accounting policies

## Revenues

Revenues presented in the consolidated statements of comprehensive income consist of *Revenue from contracts with customers*. Revenue from contracts with customers is recognized when the customer obtains control of the oil and gas, which normally will be when title passes at the point of delivery, based on the contractual terms of the agreements.

In general, the revenues from the Group's production of oil and gas are recognized on the basis of volumes lifted and sold to customers during the period (the sales method).

Tariff income from processing of oil and gas is related to the North Sea segment and is recognized as earned.

*Revenue recognition in Kurdistan*

Export revenues in Kurdistan are generated through the sale of oil produced from the Tawke and the Baeshiqa licenses which is exported by the pipeline through Türkiye. Title to the oil is considered to have passed on delivery of oil to the export pipeline at Fish Khabur terminal. Revenues generated from export sales are recognized on the basis of invoiced oil sales following monthly deliveries to the KRG. Based on business practice, the KRG is responsible for exporting the oil produced in Kurdistan and it is assessed that DNO has a customer relationship with the KRG. The price for export oil deliveries to the KRG is based on Brent prices with adjustments for oil quality and transportation fees.

Revenues generated from local sales in Kurdistan are recognized on the basis of volumes lifted and sold to customers during the period. Local deliveries are prepaid by the buyers directly to DNO.

In addition, pursuant to a receivables settlement agreement made with the KRG in August 2017, DNO was entitled to three percent of gross Tawke license revenues until 31 July 2022. Revenue was recognized based on invoiced oil sales following monthly deliveries to the KRG.

**Entitlement risk associated with operating in Kurdistan**

DNO has interests in two licenses in Kurdistan through Production Sharing Contracts (PSCs) and has based its entitlement calculations on the terms of these PSCs.

The Company notes from public reports that on 15 February 2022, the Federal Supreme Court of Iraq (FSCI) ruled on a matter stemming back to 2012 along with another related matter dating back to 2019. Reportedly, the FSCI found amongst other things that the Kurdistan Oil and Gas Law No. 27/2007 (KOGL) is unconstitutional, that the KRG is to hand over all oil production from areas located in the Kurdistan region of Iraq (KRI) to the Federal Government of Iraq (FGI) and that the FGI has the right to pursue the nullity of the oil contracts concluded by the KRG. DNO was not a party to the legal proceedings. DNO has learned via media reports that on 4 July 2022, a commercial court in Baghdad ruled that PSCs signed between the KRG and four international oil companies including DNO should be voided. Likewise, DNO notes from media reports that on 21 August 2022, the KRG filed third party objections to the reported 4 July 2022 Baghdad court rulings including those understood to concern DNO. These cases, along with other similar cases against international oil companies, are reported to be still pending. Furthermore and importantly, the KRG has issued repeated reassurances that the PSCs remain valid. There have been several rulings in Erbil courts affirming the validity of the PSCs. DNO notes from public reports that there is dialogue between the KRG and the FGI on oil related matters, including on possible amendments of the new 2023-2025 Federal Iraqi Budget Law FGI's 2023 to 2025 Budget Law (Budget Law). It is unclear how and when the KRG and the FGI will permanently address these matters. To date, DNO continues its operations in Kurdistan, and developments are closely monitored.

Due to disagreements between the FGI and the KRG, economic conditions in Kurdistan and limited oil export channels, DNO has historically faced constraints in fully monetizing the oil it produces in Kurdistan. There is no guarantee that oil can be exported or sold locally in sufficient quantities or at prices required to sustain DNO's operations and investment plans or that the Group will promptly receive its full entitlement payments for the oil it delivers for export. Export sales have not always followed the PSC terms and there has been uncertainty related to receipt of payments but notwithstanding sometimes lengthy delays, payments have ultimately been received by DNO.

In 2014, the FGI initiated an arbitration case against the Government of Türkiye and its state-owned pipeline operator BOTAS relating to the Iraq-Türkiye Pipeline (ITP). 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. Consequently, DNO announced an orderly shutdown of its production in Kurdistan on 29 March 2023. As of the reporting date, the ITP remains closed. Despite Türkiye's announcement in October 2023 that the ITP is ready to resume operations. There are media reports that indicate that the ongoing discussions between the FGI and the KRG about the Budget Law amendments can be linked to the delay of the restart of export of Kurdish oil through the ITP.

## Note 3

## Revenues

At yearend 2023, the Company was owed a total of USD 315 million, excluding any interest, by the KRG mainly related to export oil sales to the KRG for the months October 2022 through March 2023. These receivables are past due (see Note 14). The KRG has repeatedly stated that it is and remains committed to its PSCs. Timing of export resumption and payments for previous oil sales by the KRG is uncertain. Consequently, DNO initiated cost reduction measures in Kurdistan and commenced local sales on a cash and carry basis, where the oil is transported by traders by road tanker or pipelined to local refineries. The contractor entities' entitlement is sold by DNO. Varying by contract, local selling prices were in the low-to-mid USD 30s per barrel during 2023, significantly lower than the international prices previously achieved through pipeline export. However, all local deliveries are prepaid by the buyers directly to DNO, eliminating counterparty credit risk. The Company continues to engage with the KRG regarding recovery of the arrears and payment terms and conditions for any future oil exports.

The FGI's 2023 to 2025 Budget Law entered into force in June 2023. Under the Budget Law, the KRG will be allocated a share of the federal budget plus compensation for oil production and transportation costs which, according to the Budget Law, shall be based on an average cost of production of certain, undefined Iraqi fields. The conditions for KRG receiving a share of the FGI budget include a requirement for the KRG to handover 400,000 bopd of oil produced from fields in Kurdistan to Iraq's State Oil Marketing Organization (SOMO), for marketing and sale. The details of FGI-KRG budget allocations, implementation of the Budget Law and the monetary size of the budget transfers to the KRG are not clear to DNO and are reportedly still under negotiation between the KRG and the FGI.

1 January - 31 December

USD million	Kurdistan		North Sea		Total	
	2023	2022	2023	2022	2023	2022
Sale of oil	253.2	820.1	253.0	241.0	506.2	1,061.1
Sale of gas	-	-	137.3	281.1	137.3	281.1
Sale of natural gas liquids (NGL)	-	-	21.6	29.1	21.6	29.1
Tariff income	-	-	2.4	5.8	2.4	5.8
<b>Total revenues from contracts with customers</b>	<b>253.2</b>	<b>820.1</b>	<b>414.4</b>	<b>556.9</b>	<b>667.5</b>	<b>1,377.0</b>
Sale of oil (bopd)	14,806	25,933	8,049	6,341	22,856	32,273
Sale of gas (boepd)	-	-	4,746	4,800	4,746	4,800
Sale of natural gas liquids (NGL) (boepd)	-	-	1,282	1,370	1,282	1,370
<b>Total sales volume (boepd)</b>	<b>14,806</b>	<b>25,933</b>	<b>14,078</b>	<b>12,511</b>	<b>28,885</b>	<b>38,444</b>

Prior to the ITP closure in March last year, DNO generated revenues in Kurdistan through the sale of oil produced from the Tawke and the Baeshiqa licenses which were exported by pipeline through Türkiye. Following closure of the ITP, the Company gradually resumed operations at the Tawke license and has been selling oil to local trading companies in Kurdistan since late Q2 2023.

## Note 4

## Cost of goods sold

## Accounting policies

## Cost of goods sold

*Lifting costs and Tariff and transportation expenses*

Lifting costs consist of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. Tariff and transportation expenses consist of charges incurred by the Group in the North Sea for the use of infrastructure owned by other companies. Lifting costs and Tariff and transportation expenses are recognized based on the Group's paying interest in the oil and gas licenses.

*Movement in overlift/underlift*

A liability (overlift, see Note 21) arises when the Group sells more than its share of the oil and gas production. Similarly, an asset (underlift, see Note 14) arises when the sale is less than the Group's share of the oil and gas production. In general, the overlift/underlift balances are valued at production cost including depreciation (the sales method). The movements in overlift/underlift are presented as an adjustment to Cost of goods sold.

*Depreciation, depletion and amortization*

Capitalized costs for oil and gas assets are depreciated using the unit-of-production (UoP) method. See Note 10 for more details.

1 January - 31 December

USD million	2023	2022
Lifting costs	-191.7	-222.1
Tariff and transportation expenses	-32.4	-30.2
<b>Production costs based on produced volumes</b>	<b>-224.1</b>	<b>-252.3</b>
Movement in overlift/underlift	5.6	8.1
<b>Production costs based on sold volumes</b>	<b>-218.4</b>	<b>-244.2</b>
Depreciation, depletion and amortization	-146.4	-216.7
<b>Total cost of goods sold</b>	<b>-364.8</b>	<b>-460.9</b>



## Note 5

## Administrative/Other expenses

## Accounting policies

## Pensions and share-based payments

## Pensions

The Group's pension obligations in Norway are limited to certain defined contribution plans which are paid to pension insurance plans and charged to profit or loss in the period in which they are incurred. Once the contributions are paid there are no further obligations.

## Share-based payments

Cash-settled share-based payments are recognized in the income statement as expenses during the vesting period and as a liability. The liability is measured at fair value and revaluated using the Black & Scholes pricing model at each balance sheet date and at the date of settlement, with any change in the fair value recognized in the income statement for the period.

USD million	1 January - 31 December	
	2023	2022
Salaries, bonuses, etc.	-53.1	-55.2
Employer's payroll tax expenses	-7.6	-5.1
Pensions	-4.6	-4.1
Other personnel costs	-4.3	-5.8
General and administration expenses	-27.8	-32.5
Reallocation of salaries and social expenses to lifting costs and exploration costs/PP&E and intangible assets	74.1	84.8
<b>Total administrative expenses</b>	<b>-23.3</b>	<b>-17.9</b>
Other expenses	-7.9	-7.7
<b>Total other operating expenses</b>	<b>-7.9</b>	<b>-7.7</b>

Salaries and social expenses directly attributable to license activities are reclassified to lifting costs and exploration costs, or tangible assets and capitalized exploration. Other expenses in 2023 were mainly related to provisions for arbitral awards in Yemen, (Note 23).

DNO has a defined contribution scheme for its Norway-based employees, with USD 4.6 million expensed in 2023 (USD 4.1 million in 2022). The Group's obligations are limited to the annual pension contributions. DNO meets the Norwegian legal requirements for mandatory occupational pension ("*obligatorisk tjenestepensjon*").

At yearend 2023, the Company's liability for synthetic shares as part of other variable remuneration amounted to USD 5 million (USD 5.4 million at yearend 2022). For more information about remuneration to executive management, see Note 3 in the parent company accounts.

## Movement in synthetic Company shares during the year

Number of shares	1 January - 31 December	
	2023	2022
Outstanding as of 1 January	11,453,638	3,178,536
Granted during the year	4,288,935	9,471,309
Forfeited/reversed during the year	624,141	37,099
Settled during the year	4,288,938	1,159,108
<b>Outstanding as of 31 December</b>	<b>10,829,494</b>	<b>11,453,638</b>
Unrestricted as of 31 December	1,032,058	834,872
Weighted average remaining contractual life for the synthetic shares (years)	2.54	2.43
Weighted average settlement price for synthetic shares settled during the year (NOK)	10.20	12.56
Settlement price for synthetic shares at the end of the year (NOK)	10.70	11.81

## Note 5

## Administrative/Other expenses

## Remuneration to Board of Directors and executive management

USD million	1 January - 31 December	
	2023	2022
<b>Managing Director</b>		
Salary	-0.58	-0.64
Bonus	-0.16	-0.26
Pension	-0.02	-0.02
Other remuneration	-0.41	-0.17
<b>Remuneration to Managing Director</b>	<b>-1.17</b>	<b>-1.09</b>
<b>Other executive management</b>		
Salary	-1.69	-1.99
Bonus	-0.40	-0.15
Pension	-0.06	-0.08
Other remuneration	-0.78	-0.59
<b>Remuneration to other executive management</b>	<b>-2.93</b>	<b>-2.81</b>
<b>Total remuneration to executive management</b>	<b>-4.09</b>	<b>-3.90</b>
Number of managers included	5	6
<b>Total remuneration to Board of Directors</b>	<b>-1.61</b>	<b>-1.17</b>
<b>Total remuneration to Board of Directors and executive management</b>	<b>-5.71</b>	<b>-5.07</b>

On 7 September 2023, the Company announced that Chris Spencer has been appointed Managing Director of the Company as Bjørn Dale steps down as part of a planned management transition initiated last year. Mr. Spencer has been DNO's Chief Operating Officer (COO) since 2021. The Managing Director remuneration presented above represents Mr. Spencer's remuneration both in the role as the COO and Managing Director in 2023. A remuneration of USD 1.7 million (not included in the above table) was in 2023 paid to Bjørn Dale (former Managing Director), which included severance pay portion. For further details on remuneration to the executive management, see Note 3 in the parent company accounts.

## Shares and options held by Board of Directors and executive management

	Years ended 31 December			
	2023		2022	
Directors and executive management	Shares	Options	Shares	Options
Bijan Mossavar-Rahmani, Executive Chairman*	125,683,241	-	125,683,241	-
Gunnar Hirsti, Deputy Chairman (Hirsti Invest AS)	350,000	-	350,000	-
Elin Karfjell, Director (Elika AS)	33,000	-	33,000	-
Anita Marie Hjerkin Aarnæs, Director	-	-	-	-
Najmedin Meshkati, Director	-	-	-	-
Chris Spencer, Managing Director (Chris's Corporation AS)	32,000	-	32,000	-
Haakon Sandborg, Chief Financial Officer	-	-	-	-
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	50,750	-	35,750	-
Sameh Hanna, General Manager Kurdistan region of Iraq	-	-	-	-
Ørjan Gjerde, General Manager DNO North Sea (Kvile Invest AS)	15,000	-	15,000	-

\* Bijan Mossavar-Rahmani held interests in the Company through nominee accounts held by Goldman Sachs & Co. LLC, representing 12.89 percent of the total number of outstanding Company shares at yearend 2023.

Executive management have been awarded synthetic shares during the year as part of their variable remuneration, see Note 3 in the parent company accounts.

## Auditor fees

USD million (excluding VAT)	1 January - 31 December	
	2023	2022
Auditor fees	-0.65	-0.71
Other financial auditing	-0.03	-0.04
Tax advisory services	-0.16	-0.08
Other advisory services	-	-
<b>Total auditor fees</b>	<b>-0.84</b>	<b>-0.82</b>

## Note 6

## Exploration expenses

## Accounting policies

## Exploration expenses

The Group uses the successful efforts method to account for its exploration and evaluation assets. All exploration costs (including purchase of seismic, geological and geophysical costs and general and administrative costs), except for acquisition costs of licenses and drilling costs of exploration wells, are expensed as incurred.

Acquisition costs of licenses and drilling costs of exploration wells are temporarily capitalized pending the determination of oil and gas resources. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments to contractors. Continued capitalization of such costs is assessed for impairment at each reporting date. The main criterion is that there must be plans for future activity in the license or that a development decision is expected in the near future. If reserves or resources are not found, or if discoveries are assessed not technically or commercially recoverable, the costs of exploration wells and licenses are expensed. Furthermore, 3D seismic cost over a discovery area is capitalized when the objective is to learn more about the reservoir and to support the determination of new well locations within the discovery area.

1 January - 31 December

USD million	2023	2022
Exploration expenses (G&G and field surveys)	-15.0	-10.2
Seismic costs	-9.9	-18.5
Exploration expenses capitalized in previous years carried to cost	-	-3.9
Exploration expenses capitalized during the year carried to cost	-6.0	-48.3
Other exploration expenses	-16.8	-15.6
<b>Total exploration expenses</b>	<b>-47.7</b>	<b>-96.5</b>

Exploration expenses in 2023 were related to exploration activities in the North Sea, including expensing of exploration wells (Eggen and Litago wells). Exploration expenses in 2022 were related to exploration activities in the North Sea, including expensing of exploration wells (Edinburgh, Overly and Uer wells).

## Note 7

## Financial income and financial expenses

## Accounting policies

## Financial income and expenses

Accretion expenses from unwinding of the discount related to the ARO provision and lease liability are further detailed in Notes 18 and Note 19. Accounting effects from IFRS 9 (expected credit loss model) assessment related to the KRG arrears is further detailed in Note 14.

USD million	1 January - 31 December	
	2023	2022
Interest income	36.5	12.9
Currency exchange gains recognized in the income statement (net)	8.4	-
Other financial income	0.1	1.0
<b>Financial income</b>	<b>45.0</b>	<b>13.9</b>
Interest expenses	-44.6	-57.5
Time value effect trade debtors (Note 14)	-44.3	-
Amortization of borrowing issue costs	-3.3	-5.2
Accretion expense ARO (unwinding of discount rate, Note 19)	-17.4	-15.5
Currency exchange loss recognized in the income statement (net)	-	-6.6
Other financial expenses	-2.3	-14.0
<b>Financial expenses</b>	<b>-112.0</b>	<b>-98.9</b>
<b>Net financial income/-expenses</b>	<b>-67.0</b>	<b>-85.0</b>

Other financial expenses in 2022 were higher than 2023 mainly due to bond premium expenses and incurred put option premium.



## Note 8

## Income taxes

## Accounting policies

## Income taxes

Tax income/expense consists of taxes receivable/payable and changes in deferred taxes. Taxes receivable/payable are based on the amount receivable from or payable to the tax authorities. Deferred tax liability is calculated on all taxable temporary differences unless there is a recognition exception. A deferred tax asset is recognized only to the extent that it is probable that the future taxable income will be available against which the asset can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are recognized at their nominal value and classified as non-current assets/liabilities in the statements of financial position. Tax payable and deferred tax are recognized directly in the equity to the extent that they relate to items charged directly to equity.

## Estimation uncertainty: Notional corporate income tax/deferred taxation in Kurdistan

DNO's PSCs in Kurdistan provide that the corporate income tax to which the contractor is subject is deemed to have been paid to the government as part of the payment of profit oil to the government or its representatives. 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 KRG and there is currently no well-established tax regime for international oil companies. As such, it has not been possible to reliably measure such notional corporate income taxes deemed to have been paid on behalf of the Company's subsidiary, DNO Iraq AS. For accounting purposes, if such notional income tax is to be classified as income tax in accordance with IAS 12 *Income Taxes*, the Group would present this as an income tax expense with a corresponding increase in revenues. Furthermore, it would be assessed whether any deferred tax asset or liability is required to be recognized equal to the difference between book values and the tax values of the qualifying assets and liabilities, multiplied by the applicable tax rate.

## Tax income/-expense

1 January - 31 December

USD million	2023	2022
Changes in deferred taxes	-125.8	162.9
Income taxes receivable/-payable	-6.9	-124.5
<b>Total tax income/-expense</b>	<b>-132.7</b>	<b>38.4</b>

## Income tax receivable/-payable

Years ended 31 December

USD million	2023	2022
Tax receivables	-	25.8
Income taxes payable	-4.6	-125.7
<b>Net tax receivable/-payable</b>	<b>-4.6</b>	<b>-99.9</b>

The tax balances relate to the activity on the Norwegian Continental Shelf (NCS).

During 2023, DNO received tax refunds of USD 27.2 million in the UK in relation to decommissioning spend for 2022. In Norway, DNO paid net USD 116.7 million in taxes related to taxable profits in 2022.

## Reconciliation of tax income/-expense

1 January - 31 December

USD million	2023	2022
<b>Profit/-loss before income tax</b>	<b>151.3</b>	<b>346.5</b>
Expected income tax according to nominal tax rate in Norway, 22 percent	8.0	-108.1
Expected income tax according to nominal petroleum tax rate in Norway, 78 percent	-136.8	43.3
Expected income tax according to nominal tax outside Norway	0.0	33.5
Foreign exchange variations between functional and tax currency	-6.8	2.5
Adjustment of previous years	0.3	0.7
Adjustment of deferred tax assets not recognized	-1.1	-62.3
Other items including other permanent differences	3.7	116.2
Change in tax rate	-	12.4
<b>Tax income/-expense</b>	<b>-132.7</b>	<b>38.4</b>
<b>Effective income tax rate</b>	<b>87.7%</b>	<b>11.1%</b>
<b>Taxes charged to equity</b>	<b>-</b>	<b>-</b>

## Note 8

## Income taxes

Other items above consist mainly of permanent differences on impairments which are not tax deductible, and permanent differences on tax exempted profits/losses from upstream activities outside of Norway carried out by the Company's Norwegian subsidiaries.

## Tax effects on temporary differences

USD million	Years ended 31 December	
	2023	2022
Tangible assets	-275.9	-195.8
Intangible assets (including capitalized exploration expenses)	-145.4	-76.9
ARO provisions	238.0	226.2
Losses carried forward	174.4	167.6
Non-deductible interests carried forward	25.7	26.5
Other temporary differences	-0.6	-0.9
Net deferred tax assets/-liabilities	16.2	146.8
Valuation allowance	-208.6	-209.1
<b>Net deferred tax assets/-liabilities</b>	<b>-192.4</b>	<b>-62.4</b>
Recognized deferred tax assets	-	-
Recognized deferred tax liabilities	-192.4	-62.4

A valuation allowance was recognized relating to carried forward losses in Norway (ordinary tax regime) and the UK due to the uncertainty regarding future taxable profits.

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.

There are no tax consequences attached to items recorded in other comprehensive income.

The following nominal tax rates apply in the jurisdictions where the subsidiaries of the Group are taxable: Ordinary tax regime in Norway (22 percent), the NCS (78 percent), ordinary tax regime in the UK (25 percent) and the UKCS (40 percent). Additionally, in the UK, Energy Profits Levy (EPL) applies which is a 35 percent temporary levy on oil and gas ringfenced profits, adjusted for decommissioning spend.

## Reconciliation of change in deferred tax assets/-liabilities

USD million	Years ended 31 December	
	2023	2022
Net deferred tax assets/-liabilities at 1 January	-62.4	-238.0
Change in deferred taxes in the income statement	-125.8	162.9
Deferred taxes related to business combinations and other transactions	1.3	-
Prior period adjustment	-	-
Reclassification from/-to tax receivable	-	-15.3
Currency and other movements	-5.5	28.0
<b>Net deferred tax assets/-liabilities at 31 December</b>	<b>-192.4</b>	<b>-62.4</b>

## Reconciliation of change in tax receivable/-payable

USD million	Years ended 31 December	
	2023	2022
Net tax receivable/-payable at 1 January	-99.9	-11.9
Tax receivable/-payable related to transactions posted directly to balance sheet	0.1	0.9
Tax receivable/-payable in the income statement	-6.9	-124.5
Tax payment/-refund	89.5	21.2
Prior period adjustment	-	-0.5
Reclassification to/-from deferred tax asset	-	15.3
Currency and other movements	12.6	-0.4
<b>Net tax receivable/-payable at 31 December</b>	<b>-4.6</b>	<b>-99.9</b>

## Pillar Two

DNO is subject to OECD Pillar Two model rules, with Norway and the UK having enacted legislation applicable from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, DNO has no related current tax exposure and applies the exception to recognizing and disclosing information about any deferred tax assets and liabilities related to this, as provided in the amendments to IAS 12 issued in May 2023. DNO is in the process of assessing its exposure to the legislation and the expectation is that DNO should not be impacted as all its subsidiaries are already subject to high tax rates, exceeding 15 percent. However, due to the impact of specific adjustments envisaged in the Pillar Two legislation, there might still be potential implications for DNO. The quantitative impact is not yet reasonably estimable due to the complexities in applying the legislation.

## Note 9

## Intangible assets

## Accounting policies

## Intangible assets

*General*

Intangible assets are stated at cost, less accumulated amortization and accumulated impairment charges. Intangible assets include acquisition costs for oil and gas licenses, expenditures on the exploration for oil and gas resources, technical goodwill and other intangible assets. Goodwill is not depreciated.

The useful lives of intangible assets are assessed as either finite or infinite. Amortization of intangible assets is based on the expected useful economic life and assessed for impairment whenever there is an indication that the intangible asset might be impaired. The impairment assessment of intangible assets with infinite lives is undertaken annually or more often if indicators exist.

*Goodwill*

The goodwill that is recognized by the Group is related to technical goodwill and is recognized due to the requirement to recognize deferred tax for the difference between the assigned fair values and the related tax base. Although not an IFRS term, “technical goodwill” is commonly used in the oil and gas industry to describe a category of goodwill arising as an offsetting amount to deferred tax recognized in business combinations. There are no specific IFRS guidelines about the allocation of technical goodwill, and the Group has therefore applied the general guidelines for allocating goodwill. In general, technical goodwill is allocated to a cash-generating unit (CGU) or group of CGUs that give rise to the technical goodwill, while any residual goodwill may be allocated across all CGUs based on facts and circumstances in the business combination.

*Exploration and evaluation assets*

The Group uses the successful efforts method to account for its exploration and evaluation assets. Acquisition costs of licenses and drilling costs of exploration wells are temporarily capitalized pending the determination of oil and gas resources. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments to contractors. Continued capitalization of such costs is assessed for impairment at each reporting date. The main criterion is that there must be plans for future activity in the license or that a development decision is expected in the near future. If reserves or resources are not found, or if discoveries are assessed not technically or commercially recoverable, the costs of exploration wells and licenses are expensed. Furthermore, 3D seismic cost over a discovery area is capitalized when the objective is to learn more about the reservoir and to support the determination of new well locations within the discovery area.

**Estimation uncertainty: Impairment assessment of capitalized exploration expenditures**

The Group’s accounting policy is to temporarily capitalize drilling expenditures related to exploration wells, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is not considered technically or commercially viable, the costs of the exploration wells are expensed in the income statement. Decisions as to whether an exploration well should remain capitalized or expensed during the period may have a material effect on the financial results for the period.

## Note 9

## Intangible assets

## INTANGIBLE ASSETS

2023 - USD million	Goodwill	License interest	Exploration assets	Other	Total Other intangible assets	Total
<b>As of 1 January 2023</b>						
Acquisition costs	407.2	97.5	335.3	15.4	448.2	855.4
Accumulated impairments	-351.1	-8.8	-260.5	-	-269.3	-620.3
Accumulated depreciation	-	-70.1	-	-11.6	-81.8	-81.6
<b>Net book amount</b>	<b>56.1</b>	<b>18.7</b>	<b>74.8</b>	<b>3.8</b>	<b>97.2</b>	<b>153.3</b>
<b>Period ended 31 December 2023</b>						
Opening net book amount	56.1	18.7	74.8	3.8	97.2	153.3
Translation differences	-1.9	0.3	1.4	-	1.7	-0.3
Additions	-	-	114.2	0.4	114.6	114.6
Transfers*	-	-	-3.3	-	-3.3	-3.3
Exploration cost previously capitalized carried to cost	-	-	-6.0	-	-6.0	-6.0
Impairments	-11.0	-	-	-	-	-11.0
Depreciation	-	-1.0	-	-1.2	-2.2	-2.2
<b>Closing net book amount</b>	<b>43.2</b>	<b>18.0</b>	<b>181.1</b>	<b>3.0</b>	<b>202.1</b>	<b>245.3</b>
<b>As of 31 December 2023</b>						
Acquisition costs	397.5	97.8	443.2	15.8	556.8	954.3
Accumulated impairments/exploration write-offs	-354.3	-8.8	-262.1	-	-270.9	-625.2
Accumulated depreciation	-	-71.1	-	-12.8	-83.9	-83.9
<b>Net book amount</b>	<b>43.2</b>	<b>18.0</b>	<b>181.1</b>	<b>3.0</b>	<b>202.1</b>	<b>245.3</b>

Depreciation method

UoP

Linear (3-7 years)

\* Transfers was related to reclassification of the book value of Fenja license from exploration phase (intangible assets) to development phase (tangible assets).

## INTANGIBLE ASSETS

2022 - USD million	Goodwill	License interest	Exploration assets	Other	Total Other intangible assets	Total
<b>As of 1 January 2022</b>						
Acquisition costs	456.8	98.1	368.4	14.6	481.1	938.0
Accumulated impairments/exploration write-offs	-368.6	-8.7	-161.3	-	-170.0	-538.6
Accumulated depreciation	-	-68.2	-	-10.5	-78.7	-78.7
<b>Net book amount</b>	<b>88.2</b>	<b>21.2</b>	<b>207.1</b>	<b>4.1</b>	<b>232.4</b>	<b>320.6</b>
<b>Period ended 31 December 2022</b>						
Opening net book amount	88.2	21.2	207.1	4.1	232.4	320.6
Translation differences	-10.4	-1.0	-21.0	-	-22.0	-32.4
Additions	-	0.4	73.5	0.7	74.6	74.6
Transfers*	-	-	-132.6	-	-132.6	-132.6
Exploration cost previously capitalized carried to cost	-	-	-52.2	-	-52.2	-52.2
Impairments	-21.5	-	-	-	-	-21.5
Depreciation	-	-1.9	-	-1.1	-3.0	-3.0
<b>Closing net book amount</b>	<b>56.1</b>	<b>18.7</b>	<b>74.8</b>	<b>3.8</b>	<b>97.2</b>	<b>153.3</b>
<b>As of 31 December 2022</b>						
Acquisition costs	407.2	97.5	335.2	15.4	448.1	855.3
Accumulated impairments/exploration write-offs	-351.1	-8.8	-260.5	-	-269.1	-620.3
Accumulated depreciation	-	-70.1	-	-11.6	-81.6	-81.6
<b>Net book amount</b>	<b>56.1</b>	<b>18.7</b>	<b>74.8</b>	<b>3.8</b>	<b>97.2</b>	<b>153.3</b>

Depreciation method

UoP

Linear (3-7 years)

\* Transfers was related to reclassification of the book value of Brasse license from exploration phase (intangible assets) to development phase (tangible assets).



## Note 10

## Property, plant and equipment

### Accounting policies

#### Property, plant and equipment (PP&E)

##### *General*

PP&E are recognized at historical cost and adjusted for depreciation, depletion and amortization (DD&A) and impairment charges. Depreciation of PP&E other than oil and gas assets are generally depreciated on a straight-line basis over expected useful lives, normally varying from three to seven years. Expected useful lives are reviewed at each balance sheet date and, where there are changes in estimates, depreciation periods are changed accordingly.

##### *Exploration and development costs*

Capitalized exploration expenditures are classified as intangible assets and reclassified to tangible assets (i.e., PP&E) at the start of the development. For accounting purposes, an oil and gas field is considered to enter the development phase when the technical feasibility and commercial viability of extracting oil and gas from the field are demonstrable. All costs of developing commercial oil and gas fields are capitalized, including indirect costs. Capitalized development costs are classified as tangible assets.

Acquired license rights are recognized as intangible assets at the time of acquisition. Acquired license rights related to fields in the exploration phase remain as intangible assets when the related fields enter the development or production phase. Furthermore, 3D seismic cost over a discovery area is capitalized when the objective is to learn more about the reservoir and to support the determination of new well locations within the discovery area.

##### *Oil and gas assets in production*

Capitalized costs for oil and gas assets are depreciated using UoP method. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining 2P reserves at the beginning of the period. The future development expenditures necessary to bring those reserves into production are included in the basis for depreciation and are estimated by the management based on current period end un-escalated price levels. The reserve basis used for depreciation purposes is updated at least once a year. Any changes in the reserves affecting UoP calculations are reflected prospectively.

##### *Right-of-use (RoU) assets*

The RoU assets in the balance sheet are mainly related to office rent and are measured to cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The RoU assets are depreciated linearly over the lifetime of the related lease contract. For measurement of lease liabilities, see Note 18. In the consolidated statements of comprehensive income, operating lease costs, relating to contracts that contain a lease, are replaced by depreciation and interest expense.

## Note 10

## Property, plant and equipment

## PROPERTY, PLANT AND EQUIPMENT

2023 - USD million	Development assets	Production assets	Total oil & gas assets	Other PP&E	RoU assets	Total
<b>As of 1 January 2023</b>						
Acquisition costs	358.3	3,072.1	3,430.5	14.3	34.2	3,479.0
Accumulated impairments	-140.6	-332.0	-472.6	-0.1	-	-472.7
Accumulated depreciation	-	-1,861.0	-1,861.0	-13.1	-23.3	-1,897.4
<b>Net book amount</b>	<b>217.7</b>	<b>879.1</b>	<b>1,096.8</b>	<b>1.1</b>	<b>10.6</b>	<b>1,108.6</b>
<b>Period ended 31 December 2023</b>						
Opening net book amount	217.7	879.1	1,096.8	1.1	10.6	1,108.6
Translation differences	-4.4	-4.4	-8.8	0.1	-1.1	-9.8
Additions*	53.9	123.7	177.6	0.7	10.7	189.0
Transfers**	-118.1	121.3	3.3	-	-	3.3
Impairments (net)	-	-13.9	-13.9	-	-	-13.9
Depreciation	-	-139.6	-139.6	-0.6	-4.0	-144.2
<b>Closing net book amount</b>	<b>149.1</b>	<b>966.3</b>	<b>1,115.4</b>	<b>1.2</b>	<b>16.6</b>	<b>1,133.2</b>
<b>As of 31 December 2023</b>						
Acquisition costs	286.7	3,304.6	3,591.3	14.9	45.1	3,651.3
Accumulated impairments	-137.5	-345.0	-482.6	-0.1	-	-482.7
Accumulated depreciation	-	-1,993.3	-1,993.3	-13.6	-28.5	-2,035.4
<b>Net book amount</b>	<b>149.1</b>	<b>966.3</b>	<b>1,115.4</b>	<b>1.2</b>	<b>16.6</b>	<b>1,133.2</b>

Depreciation method UoP Linear (3-7 years)

\* Includes changes in estimate of asset retirement, see Note 20.

\*\* Transfer was related to reclassification of the book value of the Fenja license from development phase to production phase.

## PROPERTY, PLANT AND EQUIPMENT

2022 - USD million	Development assets	Production assets	Total oil & gas assets	Other PP&E	RoU assets	Total
<b>As of 1 January 2022</b>						
Acquisition costs	290.3	2,785.1	3,075.4	13.9	34.6	3,123.9
Accumulated impairments	-42.1	-89.6	-131.7	-0.1	-	-131.8
Accumulated depreciation	-	-1,680.4	-1,680.4	-12.8	-14.1	-1,707.2
<b>Net book amount</b>	<b>248.2</b>	<b>1,015.1</b>	<b>1,263.3</b>	<b>1.0</b>	<b>20.5</b>	<b>1,284.9</b>
<b>Period ended 31 December 2022</b>						
Opening net book amount	248.2	1,015.1	1,263.3	1.0	20.5	1,284.9
Translation differences	-19.0	-47.0	-66.0	-0.1	-1.2	-67.2
Additions*	49.4	275.8	325.2	0.9	1.8	327.9
Transfers**	38.1	94.5	132.6	-	-	132.6
Disposal cost price	-	4.6	4.6	-	0.4	5.0
Disposal impairments/depreciations	-	-4.6	-4.6	-	-0.2	-4.8
Depreciation of RoU recognized against ARO	-	-	-	-	-6.7	-6.7
Impairments	-99.0	-250.1	-349.1	-	-	-349.1
Depreciation	-	-209.3	-209.3	-0.7	-3.7	-213.8
<b>Closing net book amount</b>	<b>217.7</b>	<b>879.1</b>	<b>1,096.8</b>	<b>1.1</b>	<b>10.6</b>	<b>1,108.6</b>
<b>As of 31 December 2022</b>						
Acquisition costs	358.3	3,072.1	3,430.5	14.4	34.2	3,479.0
Accumulated impairments	-140.6	-332.0	-472.7	-0.1	-	-472.7
Accumulated depreciation	-	-1,861.0	-1,861.0	-13.1	-23.3	-1,897.4
<b>Net book amount</b>	<b>217.7</b>	<b>879.1</b>	<b>1,096.8</b>	<b>1.2</b>	<b>10.6</b>	<b>1,108.6</b>

Depreciation method UoP Linear (3-7 years)

\* Includes changes in estimate of asset retirement, see Note 20.

\*\* Transfers were related to reclassification of the book value of Brasse license from exploration phase (intangible assets) to development phase (tangible assets) and reclassification of the book value of Baeshiqq license from development phase to production phase.

Depreciation, depletion and amortization (DD&A) is charged to cost of goods sold in the statement of comprehensive income.

## Note 11

# Impairments

## Accounting policies

### Impairments

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If an impairment indicator is concluded to exist, an impairment test is performed.

Indications of impairment may include a decline in the long-term oil and gas price (or short-term oil and gas price for late-life oil and gas fields), changes in future investments or significant downward revision of reserve and resource estimates. For the purposes of impairment assessment, assets are grouped at the lowest levels for which there are separable identifiable cash inflows. For oil and gas assets, a CGU may be individual oil and gas fields, or a group of oil and gas fields that are connected to the same infrastructure/production facilities, or a license.

An impairment loss is recognized when the carrying amount exceeds the recoverable amount of an asset. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell determined through either the discounted cash flow method (income approach) or the market transactions method (market approach). The value in use can only be determined through the discounted cash flow method.

#### *Technical goodwill*

Technical goodwill is tested for impairment annually or more frequently when there are impairment indicators. Those indicators may be specific to an individual CGU or groups of CGUs to which the technical goodwill is related. Goodwill is not depreciated and hence, impairment of technical goodwill is expected on a recurring basis, unless there are positive changes in underlying assumptions that more than offset the production from the CGU (or groups of CGUs).

When performing the impairment test for technical goodwill, deferred tax recognized in relation to the acquired assets in a business combination reduces the net carrying value prior to the impairment charges. When deferred tax from the initial recognition decreases, more goodwill is exposed for impairment. After initial recognition, depreciation of values calculated in the purchase price allocations from business combinations will result in decreased deferred tax liability.

#### **Estimation uncertainty: Impairment/reversal of impairment of oil and gas assets**

The estimation of the recoverable amount for the oil and gas assets includes assessments of expected future cash flows and future market conditions, including entitlement production, future oil and gas prices, cost profiles, country risk factors (i.e., discount rate) and the date of expiration of the licenses.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The fair value of oil and gas assets is normally based on discounted cash flow models (income approach), where the determination of different inputs in the model requires significant judgment from management, as described in the section above regarding impairment.

#### *Climate considerations in impairment assessments*

Certain climate considerations are factored into the Group's estimation of cash flows that are applied in the calculation of recoverable amount. This includes factoring in current legislation (e.g., environmental taxes/fees) and estimation of future levels of environmental taxes/fees. For DNO's oil and gas assets on the NCS, carbon pricing is in line with current legislation and reflects the operators forecasts for individual assets. As proposed in the Norwegian Government's Climate Plan for 2021-2030, a steady increase in the total carbon price (quota plus CO<sub>2</sub> tax) to NOK 2,000 per tonne (in 2020 real terms) is expected by 2030. In Kurdistan, the KRG introduced in 2021 a requirement for oil companies to put plans in place to curb gas flaring to reduce emissions. The Company has run sensitivities for its Kurdistan oil assets with the CO<sub>2</sub> tax assumptions as described in the scenarios described by the International Energy Agency (IEA).

An energy transition is likely to impact the future oil and gas prices which in turn may affect the recoverable amount of the oil and gas assets. Indirectly, climate considerations are also assessed in the forecasting of oil and gas prices where supply and demand are considered.

## Note 11

## Impairments

### Impairment testing

Impairment assessment of DNO's assets in Kurdistan is based on the value in use approach. For oil and gas assets and goodwill recognized in relation to the acquisition (e.g., Faroe Petroleum Plc transaction and swap agreement with Equinor ASA, both transactions completed in 2019), the impairment assessment is based on the fair value approach (level 3 in fair value hierarchy, IFRS 13). For both the value in use and fair value, the impairment testing is performed based on discounted cash flows. The expected future cash flows are discounted to the net present value by applying a discount rate after tax. Cash flows are projected for the estimated lifetime of the fields or license, which may exceed periods longer than five years.

Below is an overview of the key assumptions applied for impairment assessment purposes as of 31 December 2023.

### Oil and gas prices

Forecasted oil and gas prices are based on management's estimates and market data. The near-term price assumptions are based on forward curve pricing over the period for which there is deemed to be a sufficient liquid market and observable broker and analyst consensus. The long-term price assumptions reflect management's best estimate of the oil and gas price development over the life of the Group's oil and gas fields based on its view of current market conditions and future developments. Management's assessment also includes comparison with long-term oil and gas price assumptions communicated by peer companies and other external forecasts. Oil and gas price assumptions applied for impairment testing are reviewed and, where necessary, adjusted on a periodic basis.

The nominal oil and gas price assumptions applied for impairment assessments at yearend 2023 were as follows (yearend 2022 in brackets):

	2024	2025	2026	2027
Brent (USD/bbl)	77.7 (88.5)	84.0 (85.0)	75.5 (78.4)	73.6 (70.4)
NBP (pence/therm)	104.3 (179.4)	115.0 (126.4)	96.5 (102.9)	86.5 (77.9)

For periods after year 2028, the long-term oil and gas price assumptions applied were USD 65 per barrel and 72 pence sterling per therm, respectively (in real terms, basis year 2023).

### Oil and gas price differential

The estimated net oil and gas price is based on the above nominal price assumptions adjusted for price differentials due to quality and transportation for each individual field.

### Oil and gas reserves and resources

Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves, and additional risked contingent resources when the impairment assessments are based on the fair value approach. For more information about reserves and resources estimate, see Note 1 and Note 26.

### Discount rate

The discount rate is derived from the Company's weighted average cost of capital (WACC). Main elements of the WACC include:

- For the value in use calculations, the capital structure considered in the WACC calculation is derived from DNO's debt and equity to enterprise value ratio at yearend. For the fair value calculations, the capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants.
- The cost of equity is calculated on a country-by-country basis using the Capital Asset Pricing Model (CAPM) and adding a country risk premium. The beta factor is based on publicly available data about the Company's beta in the value in use calculations, whereas the beta factors used for the fair value calculations are based on publicly available market data about the identified peer group.
- For the value in use calculations, the cost of debt is based on yield-to-maturity on the Company's outstanding bond loans with an upward adjustment to reflect a potential extension, whereas for fair value calculations the cost of debt is based on an identified peer group's bond loan issues.

For the value in use calculations, the relevant post-tax nominal discount rate at yearend 2023 was 13.7 percent (16.1 percent at yearend 2022) for the Kurdistan assets. For the fair value calculations, the relevant post-tax nominal discount rates at yearend 2023 was 9.8 percent for the North Sea assets (8.4 percent at yearend 2022).

### Inflation and currency rates

The long-term inflation rate is assumed to be 2 percent independent of the underlying country or currency (unchanged from yearend 2022). DNO has applied the forward curve and observable broker and analyst consensus as basis for assessment of currency rates. The USD/NOK applied for impairment testing at yearend 2023, was USD/NOK 10.5 for 2024, USD/NOK 10 for the years 2025-2026, USD/NOK 9.5 for the years 2027-2028 and thereafter kept constant at USD/NOK 9.0 from the year 2029 onwards.



## Note 11

## Impairments

## Impairment charge and/or reversal

The following table shows the recoverable amounts and net impairment charges or reversal for the CGUs which were impaired in 2023 and 2022, and how it was recognized in the income statement and the balance sheet.

CGU, segment	Income statement:				Balance sheet:				
	Recoverable amount (post-tax)	Impairment -charge/ reversal (pre-tax)	Tax income -expense	Impairment -charge/ reversal (post-tax)	Goodwill	Other intangible assets	Property, plant and equipment	Deferred tax asset/-liability	Currency effects
Ula area, North Sea	-	-14.9	12.7	-2.2	-	-	-15.6	13.2	0.2
Vilje, North sea	9.4	-10.9	-	-10.9	-11.3	-	-	-	0.4
Other CGUs, North Sea	-	1.0	-	1.0	-	-	1.1	-	-0.1
<b>Total</b>		<b>-24.9</b>	<b>12.7</b>	<b>-12.1</b>	<b>-11.3</b>	<b>-</b>	<b>-14.5</b>	<b>13.2</b>	<b>0.5</b>

CGU, segment	Income statement:				Balance sheet:				
	Recoverable amount (post-tax)	Impairment -charge/ reversal (pre-tax)	Tax income -expense	Impairment -charge/ reversal (post-tax)	Goodwill	Other intangible assets	Property, plant and equipment	Deferred tax asset/-liability	Currency effects
Brasse, North Sea	-	-147.0	108.1	-38.9	-8.5	-	-138.5	108.1	-
Berling, North Sea	28.0	39.4	-30.7	8.7	-	-	39.4	-30.7	-
Ula area, North Sea	-	-252.5	182.1	-70.4	-13.0	-	-238.8	180.6	-0.7
Schooner and Ketch, North Sea	-	-13.5	-	-13.5	-	-	-13.4	-	-0.1
Other CGUs, North Sea	-	2.2	-1.4	0.8	-	-	2.2	-1.4	-
<b>Total</b>		<b>-371.3</b>	<b>258.2</b>	<b>-113.1</b>	<b>-21.5</b>	<b>-</b>	<b>-349.1</b>	<b>256.6</b>	<b>-0.8</b>

During 2023, a total impairment charge of USD 24.9 million (USD 12.1 million post-tax) was recognized, mainly driven by:

- Downward revision of the oil price assumption and reserves estimates, and updated cost profiles (Vilje CGU); and
- Upward revision in the cost estimate for decommissioning (Ula area CGU).

The Company performed testing of its Kurdistan assets following the ITP closure in March 2023 (Note 3). The estimated recoverable amounts were higher than the carrying amounts and thus no impairment charges were recognized at yearend 2023.

At yearend 2023, total book value of goodwill of USD 43.2 million is mainly related to technical goodwill on Alve CGU (USD 29.2 million).

During 2022, a total impairment charge of USD 371.3 million (USD 113.1 million post-tax) was recognized, mainly driven by:

- Decision not to submit a PDO by yearend 2022 (Brasse pre-development asset);
- Downward revision of reserves and resource estimates, and updated cost profiles (Ula area CGU);
- Upward revision in the cost estimate for decommissioning (Schooner and Ketch fields and other CGUs); and
- Partially offset by a reversal of previously recognized impairments following decision to submit a PDO and revised long-term gas price assumption (Berling development asset).

At yearend 2022, total book value of goodwill of USD 56.1 million was mainly related to technical goodwill on Alve CGU (USD 30.2 million) and Vilje CGU (USD 16.1 million).

## Sensitivities

The table below illustrates how the net profit/-loss in 2023 would have been affected by changes in the various assumptions, holding the remaining assumptions unchanged. The estimated recoverable amounts related to the Tawke license in Kurdistan is substantially higher than the carrying amounts and the same sensitivity tests would not imply any impairment charges.

Assumption (USD million)	Change	Change in reported net profit/-loss (net)	
		Increase in assumption:	Decrease in assumption:
Oil and gas price	+/- 15%	-	-9
Reserves (2P) and resources (2C)	+/- 5%	-	-1
Discount rate (WACC)	+/- 1%	-	-
Currency rate (USD/NOK)	+/- 1.0 NOK	-	-2

## Climate considerations in impairment assessment

To assess the robustness of the Group's oil and gas assets, the Company has run sensitivities with the oil and gas price assumptions described by three scenarios outlined by the IEA: the Net Zero Emissions Scenario by 2050, the Announced Pledges Scenario and the Stated Policies Scenario. These scenarios are commonly applied by peer companies and the Company believes that these are useful for investors and other stakeholders in assessing portfolio resilience across companies in the industry. The oil and gas price assumptions in the scenarios have been provided by the IEA for the years 2030 and 2050 (in 2022 real terms), and for the sensitivity calculation a linear development between average actual 2023 and IEA 2030, as well as between IEA 2030 and IEA 2050 have been

## Note 11

## Impairments

applied. The table below summarizes how the reported net profit would be impacted by an increase (+) or decrease (-) in impairment charge using the oil and gas price assumptions in the following scenarios:

IEA scenario (USD million)	Oil price USD/bbl (assumption)		Gas price USD/MMBTU (assumption)		Change in reported net profit/-loss (net):
	2030	2050	2030	2050	
Stated Policies	85	83	6.9	7.1	-
Announced Pledges	74	60	6.5	5.4	-
Net Zero Emissions by 2050	42	25	4.3	4.1	-127

A significant reduction in the oil and gas price assumptions could also affect the estimated economic cut-off of the projects. These illustrative impairment sensitivities assume no changes to assumptions other than oil and gas prices. The illustrative sensitivities on climate change are not considered to represent a best estimate of an expected impairment impact. Moreover, a significant and prolonged reduction in oil and gas prices would likely result in mitigating actions by DNO and its license partners; for example it could have an impact on drilling plans and production profiles for new and existing assets. Quantifying such impacts is considered impracticable, as it requires detailed evaluations based on hypothetical scenarios and not based on existing business or development plans.

#### License expiry and economic cut-off dates for development and production assets

In Kurdistan, the Tawke license expires in 2026 but DNO has the right to one automatic five-year extension (i.e., to 2031) and, if commercial production is still possible at the end of this extended period, DNO is entitled to, upon request to the KRG, a further five-year extension (i.e., to 2036). Based on DNO's current assessments, the production from Tawke license will be commercial for the duration of its contractual term and through subsequent extensions. On the Baeshiqa license, commerciality was declared by the contractor on 1 August 2021, terminating the exploration period and moving into the PSC development period, which has as a 20-year duration. If commercial production is still possible at the end of the 20-year period, DNO is entitled to a five-year extension.

In the North Sea, the following relevant license expiry and economic cut-off (in brackets) dates were applied in relation to yearend 2023 impairment assessments; the Ula area CGU have license expiry dates that ranges between 2029 and 2036 (economic cut-off assumed to be at the end of 2028); the Ringhorne East license expires in 2030 (2035); the Brage license expires in 2030 (2030); the Trym license expires in 2027 (2026); the Alve license expires in 2029 (2029); the Marulk license expires in 2030 (2030); the Vilje license expires in 2032 (2030); the Fenja license expires in 2039 (2039); and the Berling license, where, following the PDO approval in June 2023, the partnership expects a 20-year extension to 2043 to be granted in due course (economic cut-off date 2033).

## Note 12

## Joint Venture

## Accounting policies

## Joint Venture

The Group's investments in a joint venture are accounted for using the equity method. The income statement reflects the Group's share of the results of operations in the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

**Foxtrot International's summarized statement of financial position**  
**USD million**

Year ended 31 December

	2023	2022
Non-current assets	199.9	216.5
Current assets	64.3	67.3
<b>Total assets</b>	<b>264.2</b>	<b>283.7</b>
Non-current liabilities	68.8	67.1
Current liabilities	27.5	30.0
<b>Total liabilities</b>	<b>96.3</b>	<b>97.2</b>
<b>Equity</b>	<b>167.9</b>	<b>186.6</b>
<b>Group's share of net assets (33.33 percent)</b>	<b>56.0</b>	<b>62.2</b>
Goodwill	0.8	0.8
Fair value uplift on PP&E and ARO (net of related deferred tax)	11.1	13.0
<b>Carrying amount Investment in Joint Venture</b>	<b>67.9</b>	<b>76.1</b>

**Foxtrot International's summarized statement of comprehensive income**  
**USD million**

1 January - 31 December

	2023	2022
Revenues	79.4	28.8
Expenses	-17.6	-4.2
Depreciation	-30.8	-8.0
Other income/finance income	8.6	3.5
Tax income/-expense	-	-
<b>Net profit/-loss</b>	<b>39.6</b>	<b>20.1</b>
<b>Group's share of net profit (33.33 percent)</b>	<b>13.2</b>	<b>6.7</b>
Depletion of fair value uplift of PP&E and ARO (net of related deferred tax)	-1.3	-0.7
<b>Share of profit/-loss from Joint Venture</b>	<b>11.9</b>	<b>6.0</b>

**Movement in the carrying amount of Investment in Joint Venture**  
**USD million**

1 January - 31 December

	2023	2022
Opening balance	76.1	77.5
Share of profit/-loss from Joint Venture	11.9	6.0
Equity contribution into Joint Venture	6.9	4.2
Dividends from Joint Venture	-27.1	-11.5
<b>Carrying amount Investment in Joint Venture</b>	<b>67.9</b>	<b>76.1</b>

## Note 13

## Inventory

## Accounting policies

## Inventories

Inventories comprise of drilling equipment, spare parts and consumables and are valued at the lower of cost and net realizable value. Inventories that meet the definition of PP&E are presented under the PP&E and are depreciated as part of the underlying capitalized asset using the UoP method.

USD million	Years ended 31 December					
	Kuristan		North Sea		Total	
	2023	2022	2023	2022	2023	2022
Drilling equipment, spare parts and consumables	80.4	48.8	14.8	15.3	95.2	64.0
Provision for obsolete inventory	-15.0	-15.0	-2.3	-2.0	-17.4	-17.0
<b>Total inventories</b>	<b>65.3</b>	<b>33.7</b>	<b>12.5</b>	<b>13.3</b>	<b>77.8</b>	<b>47.0</b>



## Note 14

## Other non-current receivables/Trade and other receivables

## Accounting policies

## Trade debtors

Trade debtors are recognized at nominal value less any provisions for expected credit losses (ECL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the (discounted) cash flows that are expected to be received (i.e., cash shortfalls). ECLs on trade receivables are measured by applying either the general model or the simplified model. A company must apply the simplified model for trade receivables, which, when invoiced, were without a significant financing component. This applies to the Company's oil and gas sales and hence the simplified model is applied in respect of the ELC assessment of the Kurdistan trade debtors (see below).

## Overlift/underlift

An underlift arises when the sale is less than the Group's share of the oil and gas production. In general, the overlift/underlift balances are valued at production cost including depreciation (the sales method). For overlift, see Note 21.

USD million	Years ended 31 December	
	2023	2022
Trade debtors (non-current portion)	129.8	-
Other long-term receivables	-	-
<b>Total other non-current receivables</b>	<b>129.8</b>	<b>-</b>
Trade debtors	149.5	311.8
Underlift	12.1	14.0
Other short-term receivables	103.8	111.9
<b>Total trade and other receivables</b>	<b>265.4</b>	<b>437.8</b>

At yearend 2023, the Company was owed a total of USD 315 million, excluding any interest, by the KRG mainly related to sales of DNO's entitlement shares 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. Since 2017, DNO has consistently invoiced the KRG for such oil sales based on an agreed Brent pricing mechanism. For September 2022, the KRG unilaterally decided to pay based on a purported price realized by the KRG during the delivery month. The KRG proposed such change to the agreed pricing mechanism in September 2022 to which DNO has not agreed. DNO therefore continues to request payment of the full invoiced amount.

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. Nonetheless, due to the IFRS 9 Financial Instruments requirement to incorporate the time value of money, the Company has reduced the book value of the KRG arrears by USD 44.3 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. The calculation of present value in accordance with IFRS 9, considers a range of possible scenarios with assigned weighting, involving estimation of the timing of receipt of the arrears which will be dependent upon uncertain future events, in particular the assumed timing of the re-opening of the ITP which has been shut-in since end of March 2023. A discount rate of 12 percent has been applied for discounting of the estimated future cash flows. In addition, USD 129.8 million was reclassified from short-term to non-current arrears considering the assumed timing of the recovery of the arrears.

The underlift receivable of USD 12.1 million at yearend 2023 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 15

## Cash and cash equivalents

## Accounting policies

## Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash held in banks, cash in hand and short-term deposits with an original maturity of three months or less and held to meet short term commitments. Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group.

USD million	Years ended 31 December	
	2023	2022
Cash and cash equivalents, restricted	14.3	22.5
Cash and cash equivalents, non-restricted	704.5	931.8
<b>Total cash and cash equivalents</b>	<b>718.8</b>	<b>954.3</b>

Restricted cash consists of deposits on escrow account, employees' tax withholdings and deposits for rent. Non-restricted cash is mainly related to bank deposits in USD, NOK, GBP and EUR as of 31 December 2023.

Included in the non-restricted cash and cash equivalents as of 31 December 2023 is USD 41.2 million held on fixed interest time deposit contracts with different duration and maturity dates up to 26 January 2024.

## Note 16

## Equity

## Accounting policies

## Equity

## Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognized as a reduction of equity.

## Repurchase of share capital (treasury shares)

Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity and the resulting surplus or deficit of the transaction is transferred to/from retained earnings.

## Dividend

A liability to pay a dividend is recognized when the distribution is authorized by the shareholders at the AGM. A corresponding amount is recognized directly in equity.

Share capital	Number of shares (1,000)	Ordinary shares	Treasury shares	Total
USD million				
As of 1 January 2022	975,433	32.9	-	32.9
Treasury shares sold/-purchased	-36,369	-	-0.9	-0.9
Share issues	78,944	1.8	-	1.8
<b>As of 31 December 2022</b>	<b>1,018,008</b>	<b>34.8</b>	<b>-0.9</b>	<b>33.9</b>

Share capital	Number of shares (1,000)	Ordinary shares	Treasury shares	Total
USD million				
As of 1 January 2023	1,018,008	34.8	-0.9	33.9
Treasury shares sold/-purchased	-43,007	-	-1.0	-1.0
Cancellation of treasury shares	-	-1.9	1.9	-
<b>As of 31 December 2023</b>	<b>975,000</b>	<b>32.9</b>	<b>-</b>	<b>32.9</b>

## Note 16

## Equity

At the 2023 Annual General Meeting (AGM), the Board of Directors was given the authority to acquire treasury shares with a total nominal value of up to NOK 24,375,000 which corresponds to 97,500,000 new shares. The maximum amount to be paid per share is NOK 100 and the minimum amount is NOK 1. Purchases of treasury shares are made on the Oslo Stock Exchange. The authorization was time-limited until the 2024 AGM, and not beyond 30 June 2024.

The Board of Directors was also given the authority to increase the Company's share capital by up to NOK 24,375,000 which corresponds to 97,500,000 new shares. The authorization was time-limited until the 2024 AGM, and not beyond 30 June 2024.

In addition, the Board of Directors was given the authority to raise convertible bonds with an aggregate principal amount of up to USD 300,000,000. Upon conversion of bonds issued pursuant to this authorization, the Company's share capital may be increased by up to NOK 24,375,000. The authorization is valid until the 2024 AGM, but not beyond 30 June 2024.

The Board of Directors was given the authority to approve total dividend distributions of up to NOK 1 per share from the date of the 2023 AGM until the date of the 2024 AGM. Following this, the Board of Directors decided to distribute quarterly dividends of NOK 0.25 in February, May, August, and November 2023.

The Board of Directors was also given the authority to reduce share capital by NOK 19,844,127.25 through the cancellation of 79,376,509 treasury shares, each with a nominal value of NOK 0.25. On 17 August 2023 the cancellation of all 79,376,509 treasury shares held by the Company was completed.

<b>The Company's shareholders as of 31 December 2023</b>	<b>Shares</b>	<b>Interest (percent)</b>
Goldman Sachs & Co. LLC*	92,535,456	9.49
Euroclear Bank S.A./N.V.	90,576,149	9.29
Folketrygdfondet	69,504,098	7.13
RAK Gas LLC	34,311,403	3.52
Goldman Sachs & Co. LLC*	33,147,785	3.40
BNP Paribas	30,908,678	3.17
State Street Bank and Trust Comp	24,816,914	2.55
The Bank of New York Mellon	18,136,059	1.86
JPMorgan Chase Bank	16,814,249	1.72
HSBC Bank Plc	13,888,921	1.42
Clearstream Banking S.A.	13,813,018	1.42
CACEIS Bank	12,803,672	1.31
Saxo Bank A/S	9,620,072	0.99
Salt Value AS	9,382,143	0.96
State Street Bank and Trust Comp	9,123,969	0.94
Verdipapirfondet KLP Aksjenorge IN	8,919,483	0.91
State Street Bank and Trust Comp	7,615,795	0.78
Nordnet Bank AB	7,533,472	0.77
UBS Switzerland AG	6,479,383	0.66
Nordnet Livsforsikring AS	5,876,299	0.60
Other shareholders	459,192,982	47.10
<b>Total number of shares excluding treasury shares</b>	<b>975,000,000</b>	<b>100.00</b>
Treasury shares as of 31 December 2023 (DNO ASA)	0.00	0.00
<b>Total number of outstanding shares</b>	<b>975,000,000</b>	<b>100.00</b>

\* At yearend 2023, DNO's Executive Chairman Bijan Mossavar-Rahmani held interests in the Company through nominee accounts at the Goldman Sachs & Co. LLC, representing 12.89 percent of the total number of outstanding shares.

Dividends of USD 92 million were paid in 2023 (USD 72.8 million in 2022). See Note 28 for dividend payment approved by the Board after the reporting date. See Note 5 for shares held by the Board of Directors and executive management.

## Note 17

## Interest-bearing liabilities

## Accounting policies

## Interest-bearing liabilities

At initial recognition, the bonds are measured at its fair value minus transaction costs that are directly attributable to the issue of the financial liability. Subsequently, bonds are measured at amortized cost.

Transaction costs directly attributable to the acquisition, issuance, or restructuring of financial liabilities, are amortized over the expected life of the liability using the effective interest rate method. Amortization is recognized in the income statement, ensuring a systematic and rational allocation of these costs over the period during which the liability is outstanding.

USD million	Ticker OSE	Facility currency	Facility amount	Interest (percent)	Maturity	Effective interest rate (percent)	Fair value		Carrying amount	
							2023	2022	2023	2022
<b>Non-current</b>										
Bond loan (ISIN NO0010852643)	DNO03	USD	131.2	8.375	29.05.24	9.0	-	131.5	-	131.2
Bond loan (ISIN NO0011088593)	DNO04	USD	400.0	7.875	09.09.26	8.8	378.1	375.8	400.0	400.0
Capitalized borrowing issue costs									-8.0	-11.3
Reserve based lending facility	-	USD	310.0	see below	see below	-	-	26.6	-	26.6
<b>Total non-current interest-bearing liabilities</b>							<b>378.1</b>	<b>533.9</b>	<b>392.0</b>	<b>546.4</b>
<b>Current</b>										
Bond loan (ISIN NO0010852643)	DNO03	USD	131.2	8.375	29.05.24	9.0	130.9		131.2	
Reserve based lending facility (current)	-	USD	310.0	see below	see below	-	35.0	8.4	35.0	8.4
<b>Total current interest-bearing liabilities</b>							<b>165.9</b>	<b>8.4</b>	<b>166.2</b>	<b>8.4</b>
<b>Total interest-bearing liabilities</b>							<b>544.0</b>	<b>542.3</b>	<b>558.2</b>	<b>554.8</b>

Facility and carrying amount for the bonds is shown net of bonds held by the Company. On 22 January 2024, DNO ASA fully completed a USD 131.2 million call option redemption of the DNO03 bond (at a price of 100 percent plus accrued interest).

The financial covenants of the bonds issued by DNO ASA require a minimum USD 40 million of liquidity and the maintenance by the Group of either an equity ratio of 30 percent or a total equity of a minimum of USD 600 million. There is also a restriction on declaring or making any dividend payments if the liquidity of the Company is less than USD 80 million immediately following such distribution.

As of 31 December 2023, the Group has a reserve-based lending (RBL) facility for its Norway and UK production licenses with a total facility limit of USD 310 million which is available for both debt and issuance of letters of credit. Interest charged on utilizations is based on SOFR plus a margin, currently 3.00 percent. The facility will amortize over the loan life with a final maturity date of 7 November 2026. The entities that participate in the facility are required to submit quarterly a liquidity test and maintain a consolidated net debt divided by EBITDAX ratio of maximum 3.50. The security under the RBL includes, without limitation, a pledge over the shares in DNO North Sea plc and its subsidiaries, assignment of claims under shareholder loans, intra-group loans and insurances, a pledge of certain bank accounts and mortgages over the license interests. There are also restrictions on loans and dividend payments to DNO ASA. The borrowing base amount of the facility from 1 January 2024 is USD 100 million. Amount utilized as of the reporting date is disclosed in the table above. In addition, USD 17.9 million is utilized in respect of letters of credit.

There have been no breaches of the financial covenants of any interest-bearing liability in the current period.

## Note 17

## Interest-bearing liabilities

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

USD million	At 1 Jan	Cash		Non-cash changes			At 31 Dec
	2023	flows	Amortization	Currency	Acquisition	Reclass	2023
Bond loans (non-current)	531.2	-	-	-	-	-131.2	400.0
Bond loans (current)	-	-	-	-	-	131.2	131.2
Borrowing issue costs	-11.3	-	3.3	-	-	-	-8.0
Reserve based lending facility (non-current)	26.6	-	-	-	-	-26.6	-
Reserve based lending facility (current)	8.4	-	-	-	-	26.6	35.0
<b>Total</b>	<b>554.8</b>	<b>-</b>	<b>3.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>558.2</b>

USD million	At 1 Jan	Cash		Non-cash changes			At 31 Dec
	2022	flows	Amortization	Currency	Acquisition	Reclass	2022
Bond loans (non-current)	794.9	-263.7	-	-	-	-	531.2
Bond loans (current)	-	-	-	-	-	-	-
Borrowing issue costs	-16.5	-	5.2	-	-	-	-11.3
Reserve based lending facility (non-current)	95.0	-60.0	-	-	-	-8.4	26.6
Reserve based lending facility (current)	-	-	-	-	-	8.4	8.4
<b>Total</b>	<b>873.4</b>	<b>-323.7</b>	<b>5.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>554.8</b>



## Note 18

## Lease liabilities

## Accounting policies

## Lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases (12 months or less) and leases of low-value assets. Short term leases and leases of low value assets have not been reflected in the balance sheet but expensed or capitalized as incurred, depending on the activity in which the leased asset is used.

Lease liabilities are measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the implicit interest rate and if not readily determinable, its incremental borrowing rate at the lease commencement date. 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.

In the consolidated cash flow, lease payments related to lease liabilities recognized in accordance with IFRS 16, are presented as cash flow used in financing activities.

USD million	Years ended 31 December	
	2023	2022
Non-current lease liabilities	14.0	6.5
Current lease liabilities	3.6	6.8
<b>Total lease liabilities</b>	<b>17.5</b>	<b>13.3</b>

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. Lease payments related to short-term leases and leases of low-value assets are mainly recognized under lifting costs and exploration costs, or tangible assets and capitalized exploration. Total lease payments related to short-term leases and low-value assets were USD 49.1 million as of yearend 2023 (2022: USD 56 million) with most of the lease payments related to drilling rigs.

The following table summarizes the Group's maturity profile of the lease liabilities based on contractual undiscounted lease payments and are related to office rent and equipment.

USD million	1 January - 31 December	
	2023	2022
Within one year	4.8	7.0
Two to five years	11.8	6.5
After five years	5.4	-
<b>Total undiscounted lease liabilities end of the period</b>	<b>22.0</b>	<b>13.5</b>

## Note 19

## Asset retirement obligations

## Accounting policies

## Provisions for asset retirement obligations (ARO)

Provisions for ARO are initially recognized at the present value of the estimated future costs determined in accordance with local conditions and requirements. A corresponding asset of an amount equivalent to the ARO provision is also recognized initially and is presented as part of the PP&E. The retirement asset is subsequently depreciated as part of the development and production asset it relates to.

The ARO provisions and the discount rates are reviewed at each balance sheet date. The discount rates used in the calculation of the present value of the ARO are pre-tax risk-free rates with the addition of a credit margin. The risk-free rate used has a maturity date that is expected to coincide with the time the removal will be affected and denominated in the same currency as the expected future expenditures. According to IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, changes in the measurement of the ARO resulting from a change in the timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are added to or deducted from the cost of the related asset. Changes in the estimated ARO provisions impact the retirement asset in the period in which the estimate is revised.

## Estimation uncertainty: Estimation of the cost for decommissioning

Estimation of the costs for decommissioning is complex and requires judgement as these estimates are based on currently applicable laws and regulations, and technology. Decommissioning activities will normally take place in the distant future, and the technology, regulatory requirements and related costs may change. The energy transition may bring forward the decommissioning activities and thereby increasing the present value of associated decommissioning provisions. Based on various scenario analysis performed by the Company, management does not expect any reasonable change in the expected timeframe to have a material effect on the Group's decommissioning provisions, assuming cost estimates (i.e., cash flows) remain unchanged. The estimates cover expected removal concepts based on known technology and, in the case of offshore decommissioning, estimated costs of maritime operations, hiring of heavy-lift barges and drilling rigs. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement. Based on the described uncertainty, there may be significant adjustments in estimates of liabilities that can affect future financial results.

## Asset retirement obligations (ARO)

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 at yearend 2023 were between 4.9 percent and 5.0 percent (yearend 2022: between 4.5 percent and 4.8 percent). The credit risk element included in the discount rates at yearend 2023 was 0.8 percent (yearend 2022: 0.8 percent).

## Credit risk discussion

The Company note that IASB in relation to its project "Provisions – Targeted Improvements", based on a staff paper recommendation, have tentatively proposed to specify the use of a discount rate reflecting the time value of money, based on a risk-free rate without adjustments for credit risk element (non-performance risk). However, considering that no new requirements in the standard have been concluded, the Company deem it reasonable not to change its method for determining the discount rate. The Company have compared its discount rate towards peers and noted that they are within a range applied by other peer companies.

Years ended 31 December

USD million	2023	2022
Non-current asset retirement obligations (ARO)	382.7	368.2
Current asset retirement obligations (ARO)	10.6	20.5
<b>Total asset retirement obligations (ARO)</b>	<b>393.2</b>	<b>388.6</b>

## Note 19

## Asset retirement obligations

USD million	Years ended 31 December	
	2023	2022
<b>Asset retirement obligation as of 1 January</b>	<b>388.6</b>	<b>456.0</b>
Decommissioning spend	-17.9	-70.5
Increase/-decrease in existing provisions	10.5	25.0
Amounts charged against provisions	-	-
Effects of change in the discount rate	-5.4	-37.0
Accretion expenses (unwinding of discount)	17.4	15.2
Reclassification and transfer	-	-
<b>Asset retirement obligation as of 31 December</b>	<b>393.2</b>	<b>388.6</b>

Net gain on disposal of licenses of USD 5.5 million in the third quarter, was mainly related to DNO's sale of the 10 percent working interest in the East Foinaven license on the UKCS. The transaction was completed on 14 July 2023 and involved a net negative consideration of USD 5.4 million from DNO and in return, the buyer took over the ARO obligation. Consequently, as part of the gain/loss calculation, the related book value of the ARO provision (USD 10.4 million) was derecognized from the balance sheet.

## Note 20

## Other liabilities

## Accounting policies

## Provisions for other liabilities

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, there is likely that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation amount. The provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## Estimation uncertainty

The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events. Management uses its judgment, and if necessary also external legal experts to evaluate certain provisions and legal disputes in order to ensure the correct accounting treatment.

USD million	Years ended 31 December	
	2023	2022
<b>Non-current</b>		
Other long-term obligations	7.3	4.9
<b>Total non-current other liabilities</b>	<b>7.3</b>	<b>4.9</b>
<b>Current</b>		
Accrued interest expense	2.8	2.8
Other provisions and charges	6.4	36.9
<b>Total current other liabilities</b>	<b>9.1</b>	<b>39.8</b>
<b>Total other liabilities</b>	<b>16.5</b>	<b>44.7</b>

## Note 21

## Trade and other payables

## Accounting policies

## Overlift

An overlift arises when the Group sells more than its share of the oil and gas production (the sales method). For underlift, see Note 14.

USD million	Years ended 31 December	
	2023	2022
Trade payables	70.5	62.7
Public duties payable	4.3	4.1
Prepayments from customers	21.2	12.7
Overlift	1.2	9.0
Other accrued expenses	123.9	155.7
<b>Total trade and other payables</b>	<b>221.1</b>	<b>244.1</b>

Trade payables and other accrued expenses include items of working capital related to participation in 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 22

## Financial instruments

## Accounting policies

## Financial instruments

## Financial assets

The Group's financial assets include trade and other receivables, tax receivables and cash and cash equivalents.

Financial assets are initially recognized at fair value. After initial recognition the measurement and accounting treatment depend on the type of instrument and classification: Financial investments at amortized cost through profit and loss, at fair value through profit and loss (FVTPL), and at fair value through other comprehensive income (FVTOCI).

A financial asset is derecognized when the Group no longer has the right to receive cash flows from the asset, and risks and rewards are of ownership are transferred through sale or the contractual rights to the cash flows expire, are redeemed, or cancelled.

## Financial liabilities

The Group's financial liabilities include trade and other payables and loans.

Interest-bearing loans are after initial recognition measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization cost is included as finance expense in the statements of comprehensive income. This applies mainly to bond loans, see Note 17.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

## Financial risk management, objectives and policies

## Overview

DNO is exposed to a range of risks affecting its financial performance including market risk, liquidity risk and credit risk. The Group seeks to minimize potential adverse effects of such risks through sound business practices and risk management programs. No hedge accounting is applied.

## Market risk

The Group is exposed to market risks driven by fluctuations in oil and gas prices, foreign currency exchange rates and interest rates.

## Oil and gas price risk

DNO's revenues are generated from the sale of oil and gas. The Group had no oil and gas price hedging arrangements at yearend 2023 although it monitors its oil and gas price risk on a continuous basis and evaluates hedging alternatives.

The following table illustrates the impact on reported 2022 and 2023 profit/-loss before income tax from oil and gas price fluctuations deemed reasonable and possible, with all other variables held constant. In addition to driving revenues, price fluctuations or the expectations of price fluctuations could impact DNO's capital expenditure levels and impairment assessments. See Note 10 for a sensitivity analysis related to the impairment assessment of oil and gas assets.

	Change in yearend oil and gas price USD (percent)	Effect on profit before tax (USD mill)
2023	+/- 15.0	+/- 77.9
2022	+/- 15.0	+/- 170.9

## Foreign currency exchange rate risk

Revenues from oil and gas production are primarily in USD and EUR, while operating expenses, capital and abandonment expenditures are primarily denominated in USD, NOK and GBP. Dividend distributions from the Company are in NOK. The Group had no currency hedging instruments at yearend 2023 although it monitors its foreign currency risk exposure on a continuous basis and evaluates hedging alternatives.



## Note 22

## Financial instruments

The following tables illustrate the impact on DNO's reported profit/-loss before income tax in 2022 and 2023 from foreign currency exchange rate fluctuations deemed reasonable and possible in NOK, EUR and GBP to USD exchange rates, with all other variables held constant. The other currencies (e.g., AED, IQD) are not included as the exposure is deemed immaterial.

	Change in NOK (percent)	Effect on profit before tax (USD mill)
2023	+ 10.0	6.0
2023	- 10.0	-6.0
2022	+ 10.0	-3.5
2022	- 10.0	3.5

	Change in GBP (percent)	Effect on profit before tax (USD mill)
2023	+ 10.0	-36.7
2023	- 10.0	36.7
2022	+ 10.0	-19.0
2022	- 10.0	19.0

	Change in EUR (percent)	Effect on profit before tax (USD mill)
2023	+ 10.0	0.3
2023	- 10.0	-0.3
2022	+ 10.0	-4.8
2022	- 10.0	4.8

*Interest rate risk*

As most of the Group's financing derives from bond loans which are issued in USD and at fixed interest rates, the Group does not engage in interest rate hedging. Interest rate exposure on the RBL is considered limited and no hedging arrangement was in place during 2023. The Group is also exposed to interest rate risk on its cash deposits held at floating interest rates.

The following table illustrates the impact on DNO's reported profit/-loss before income tax in 2022 and 2023 from a change in interest rates on that portion of interest-bearing liabilities and cash deposits deemed reasonable and possible, with all other variables held constant.

	Increase/decrease in basis points	Effect on profit before tax (USD mill)
2023	+/- 200	+/-7.6
2022	+/- 200	+/-7.7

*Liquidity risk*

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available. Prudent liquidity risk management requires sufficient cash balances, credit facilities and other financial resources to maintain financial flexibility under dynamic market conditions. The Group's principal sources of liquidity are operating cash flows from its producing assets in Kurdistan and the North Sea. In addition to its operating cash flows, the Group relies on the debt capital markets for both short- and long-term funding, see Note 17. The Group's finance function prepares projections on a regular basis in order to plan the Group's liquidity requirements. These plans are updated regularly for various scenarios and form part of the basis for decision making by the Company's Board of Directors and the executive management.

*Investment in joint venture*

Foxtrot International issues cash calls to Mondoil Enterprises (see Note 12) to fund capital and operating requirements for Côte d'Ivoire Block CI-27 and Block CI-12, which are made on a regular basis pursuant to an approved budget and work program. The cash distributions anticipated to be received from Foxtrot International will be sufficient to enable the Company to meet all of its scheduled and anticipated obligations.

*Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. DNO's revenues in 2023 derived primarily from production in the Tawke license in Kurdistan (see also entitlement risk described in Note 3) and from several licenses in the North Sea. The Group actively seeks to reduce such risk through organic growth and asset acquisitions aimed at further diversifying its revenue sources. See also Note 12 regarding the Company's entry in West Africa.

## Note 22

## Financial instruments

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

USD million	On demand	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years
At 31 December 2023					
Interest-bearing liabilities*	-	-	131.2	435.0	-
Other provisions and charges	-	-	9.1	-	-
Taxes payable	-	-	4.6	-	-
Trade and other payables	-	218.0	2.0	-	-
<b>Total liabilities</b>	<b>-</b>	<b>218.0</b>	<b>146.9</b>	<b>435.0</b>	<b>-</b>

USD million	On demand	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years
At 31 December 2022					
Interest-bearing liabilities*	-	11.3	33.8	203.8	460.7
Other provisions and charges	-	18.4	22.2	-	-
Taxes payable	-	125.7	-	-	-
Trade and other payables	-	233.0	2.0	-	-
<b>Total liabilities</b>	<b>-</b>	<b>388.4</b>	<b>58.0</b>	<b>203.8</b>	<b>460.7</b>

\* Face value of the bonds was USD 531.2 million at yearend 2023 (USD 531.2 million at yearend 2022).

For changes in liabilities arising from financing activities, see Note 17.

## Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. The Group's exposure to credit risk is mainly related to its outstanding trade debtors. Other counterparty credit risk exposure to DNO is related to its cash deposits with banks and financial institutions. The table below provides an overview of financial assets exposed to credit risk at yearend.

USD million	Years ended 31 December	
	2023	2022
Trade debtors (non-current portion) (Note 14)	129.8	-
Trade debtors (Note 14)	149.5	311.8
Other receivables (Note 14)	115.9	126.0
Tax receivables	-	25.8
Cash and cash equivalents	718.8	954.3
<b>Total</b>	<b>1,114.1</b>	<b>1,417.9</b>

## Trade debtors from oil sales invoices in Kurdistan

The past due trade debtors are entirely related to Kurdistan. Refer to Note 14 regarding ELC assessment of the Kurdistan receivables.

The table below shows the aging of trade debtors and information about credit risk exposure using a provision matrix.

USD million	Contract assets	Days past due (trade debtors)					Total
		Current	< 30 days	30-60 days	61-90 days	> 90 days	
<b>As of 31 December 2023</b>							
Trade debtors (nominal value) (Note 14)	-	12.0	-	-	-	311.6	323.6
Expected credit loss rate (percent)	-	-	-	-	-	-	-
Expected credit loss rate (USD million)	-	-	-	-	-	-	-
<b>As of 31 December 2022</b>							
Trade debtors (nominal value) (Note 14)	-	132.7	58.1	55.9	63.1	2.0	311.8
Expected credit loss rate (percent)	-	-	-	-	-	-	-
Expected credit loss rate (USD million)	-	-	-	-	-	-	-

## Cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury function. The Group limits its counterparty credit risk by maintaining its cash deposits with multiple banks and financial institutions with high credit ratings.

## Capital management

For the purpose of the Group's capital management, capital is defined as the total equity and debt of DNO. The Group manages and adjusts its capital structure to ensure that it remains sufficiently funded to support its business strategy and maximize shareholder value. If required, the capital structure may be adjusted through equity or debt transactions, asset restructuring or through other measures.

## Note 22

## Financial instruments

The Group monitors capital on the basis of the equity ratio, which is calculated as total equity divided by total assets. It is DNO's policy that this ratio should be 30 percent or higher. The financial covenants of the bond loans require a minimum of 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.

There is also a restriction from declaring or making any dividend payments if the liquidity of the Company is less than USD 80 million immediately after such distribution is made, see Note 17. The equity ratio has improved primarily due to a net profit in 2023. The table below shows the book equity ratio at yearend.

No changes were made in the objectives, policies or processes for managing capital during 2023 and 2022.

USD million	Years ended 31 December	
	2023	2022
Total equity	1,234.8	1,369.4
Total assets	2,638.3	2,803.0
<b>Equity ratio</b>	<b>46.8%</b>	<b>48.9%</b>

## Fair value measurement

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as described below.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial liabilities, including their levels in the fair value hierarchy. It does not include the carrying amounts and fair value information for financial assets and financial liabilities not measured or disclosed at fair value if the carrying amount is a reasonable approximation of fair value.

2023 - USD million	Note	Carrying amount		Fair value hierarchy			
		Financial liabilities at amortized cost	Total	Date of valuation	Level 1	Level 2	Level 3
<b>Financial liabilities measured or disclosed at fair value</b>							
Interest-bearing liabilities (non-current)	17	392.0	392.0	31 December 2023	378.1	-	-
Interest-bearing liabilities (current)	17	166.2	166.2		130.9	-	35.0

2022 - USD million	Note	Carrying amount		Fair value hierarchy			
		Financial liabilities at amortized cost	Total	Date of valuation	Level 1	Level 2	Level 3
<b>Financial liabilities measured or disclosed at fair value</b>							
Interest-bearing liabilities (non-current)	17	546.4	546.4	31 December 2022	507.3	-	26.6
Interest-bearing liabilities (current)	17	8.4	8.4		-	-	8.4

## Note 23

## Commitments and contingencies

### Accounting policies

#### Commitments and contingencies

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, there is likely that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

Contingent liabilities are not recognized but are disclosed unless the possibility of an outflow of resources is remote.

#### Estimation uncertainty: Contingencies, provisions and litigations

By their nature, contingencies will only be resolved when one or more uncertain future event occurs or fails to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events. Management uses its judgment to evaluate certain provisions and legal disputes in order to ensure the correct accounting treatment.

### Contingent liabilities and contingent assets

#### *Disputes with Ministry of Oil and Minerals of Yemen – Block 53, Block 43 and Block 32*

The Ministry of Oil and Minerals (MOM or Ministry) of Yemen filed an arbitration claim against operator Dove Energy Limited and the other partners (including DNO Yemen AS) for allegedly wrongful withdrawal from Block 53. An arbitral award was rendered in July 2019 partially in the Ministry's favor in the amount of USD 29 million (out of a USD 171 million claim). The Contractor (including DNO Yemen AS) filed for annulment proceedings in the Paris Court d'Appel which is still pending before the French Supreme Court.

DNO Yemen AS (DNO Yemen) was involved in a dispute with MOM with respect to DNO Yemen's relinquishment of Block 32 in 2016. An arbitral award was rendered on 7 April 2021 in the Ministry's favor in the amount of USD 8.1 million (out of a USD 151 million counterclaim) while the Contractor of the license was awarded USD 5 million (out of a USD 14 million claim).

DNO Yemen was involved in a dispute with MOM with respect to DNO Yemen's relinquishment of Block 43 in 2016. An arbitral award was rendered on 18 February 2020 in DNO Yemen's favor in the amount of USD 6.8 million (almost entirely dismissing the USD 131 million counterclaim of the MOM).

On 8 December 2022, the Oslo District Court ruled that previously rendered arbitration awards regarding Blocks 53 and 32 (above) are enforceable against DNO Yemen in Norway. DNO Yemen appealed this decision, first to the Court of Appeal that substantially upheld the District Court's ruling and thereafter to the Supreme Court. The Supreme Court appeal was dismissed. The Oslo District Court also ruled that the previously rendered arbitration award regarding Block 43 in favor of DNO Yemen is enforceable against the MOM in Norway.

As part of the Block 43 arbitral award in 2020, a cost recovery audit was mandated for the years 2014 and 2015. In 2021, MOM filed an arbitration claim against 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 dismissing all claims by the MOM and ordering the MOM to pay all of DNO Yemen's legal fees and court administrative costs.

In 2023, therefore, the net amount of USD 29.2 million was paid by DNO Yemen to MOM in connection with arbitral awards resolving disputes regarding Block 53, 43 and 32 (described above). DNO has taken action against a former license partner to the amount paid, in respect of which that partner is liable. The accounting provision of USD 22.2 million, recognized at yearend 2022 for these arbitral awards was reversed following the payment.

#### *Other claims*

During the normal course of its business, the Group may be involved in other legal proceedings and unresolved claims. The Group has made provisions in its consolidated financial statements for probable liabilities related to litigation and claims based on management's best judgment and in line with IAS 37. Other than what is set out above, DNO is not aware of any governmental, legal or arbitral proceedings (including any such proceedings which are pending or threatened) initiated against DNO and which may have significant effects on DNO's results of operations, cash flows or financial position.

### Capital commitments and abandonment expenditures

Based on work plans as of yearend 2023 and contingent on future market conditions including development in the oil price, and outcome of ongoing discussions related to recovery of arrears for past oil deliveries to the KRG and payment terms and conditions for any future oil exports, the Group's projected operational spend for 2024 comprising of capital and exploration expenditures, abandonment expenditures and operational expenditures amounts to USD 645 million. The projected operational spend reflects the Group's share of planned drilling and facility investments and decommissioning plan in its licenses for 2024. These work plans are subject to revisions.

**Note 23****Commitments and contingencies****Guarantees related to assets in operation at yearend**

The Company has issued parent company guarantees to authorities in Norway and the UK on behalf of certain subsidiaries that participate in licenses on the NCS and the UKCS.

**Liability for damages/insurance**

Installations and operations are covered by various insurance policies.

**Note 24****Earnings per share**

	1 January - 31 December	
	2023	2022
Net profit/-loss attributable to ordinary equity holders of the parent (USD million)	18.6	384.9
Weighted average number of ordinary shares excluding treasury shares (millions)	980.04	975.43
<b>Earnings per share, basic (USD per share)</b>	<b>0.02</b>	<b>0.39</b>
<b>Earnings per share, diluted (USD per share)</b>	<b>0.02</b>	<b>0.39</b>

Basic earnings per share are calculated by dividing the net profit/-loss attributable to equity holders by the weighted average number of outstanding ordinary shares during the period, excluding ordinary shares purchased and held as treasury shares.

The Company did not have any potential dilutive shares at yearend 2023.



## Note 25

## Group companies and other companies

USD million	Office	Ownership and voting interest (percent)
<b>Shares in the Company's subsidiaries</b>		
DNO Iraq AS	Norway	100
DNO UK Limited	United Kingdom	100
DNO Mena AS	Norway	100
DNO Technical Services AS	Norway	100
DNO Exploration UK Limited	United Kingdom	100
DNO Yemen AS	Norway	100
DNO North Sea plc	United Kingdom	100
Mondoil Enterprises LLC	United States	100
<b>Shares in subsidiaries owned through subsidiaries</b>		
<b>DNO Mena AS</b>		
DNO Oman Limited	Bermuda	100
DNO Oman Block 8 Limited	Guernsey	100
South Limited	Guernsey	100
DNO Tunisia Limited	Guernsey	100
RAK Petroleum Public Company Limited	United Arab Emirates	100
<b>DNO North Sea plc</b>		
DNO Norge AS	Norway	100
DNO North Sea (UK) Limited	United Kingdom	100
DNO North Sea (ROGB) Limited	United Kingdom	100
DNO North Sea (Energy) Limited	United Kingdom	100
DNO North Sea SIP EBT Limited	United Kingdom	100
<b>Shares in other entities, indirectly (equity accounted)</b>		
Mondoil Côte d'Ivoire LLC	United States	50
Foxtrot International LDC	Cayman Islands	33.33

The Group's operations in Kurdistan are carried out through its subsidiary DNO Iraq AS, while activities on the NCS are carried out through DNO Norge AS and UKCS activities are carried out through DNO North Sea (UK) Limited and DNO North Sea (ROGB) Limited. Activities in Côte d'Ivoire are carried out by Foxtrot International LDC, in which the Company's indirect ownership of 33.33 percent is accounted for using the equity method. DNO ASA, DNO Technical Services AS and DNO North Sea plc provide technical support and services to the various companies in the Group. The other subsidiaries from the table above had minimal activity during the year. In 2023 DNO Oman Block 30 Limited was renamed to South Limited and North Limited was liquidated.

## Note 26

## Oil and gas reserves (unaudited)

**Estimation uncertainty: Reserves and resources estimates**

DNO's reserves and contingent resources are estimated and classified by the Company in accordance with the rules and guidelines of the Society of Petroleum Engineers (SPE) and are in conformity with requirements from the Oslo Stock Exchange for the reporting of reserves and resources. All estimates of reserves and resources involve uncertainty.

Important factors that could cause actual results to differ from the estimates include, but are not limited to: technical, geological and geotechnical conditions; economic and market conditions; oil and gas prices; changes in government regulations; political development; interest rates; and currency exchange rates. Specific parameters of uncertainty related to the field/reservoir include but are not limited to: reservoir pressure and porosity; recovery factors; water cut development; production decline rates; gas/oil ratios; and oil properties.

Changes in commodity prices and costs may impact economic cut-off and remaining reserves, which may change the timing of assumed decommissioning activities. Future changes to estimated reserves can also have a material effect on depreciation, impairment of oil and gas fields and operating results. The Group may also not be able to commercially develop its contingent resources that are used in impairment assessments or acquisition accounting where the fair value approach is applied.

**Net reserves by region/field as of 31 December 2023**

MMboe	Proven (1P)				Proven and probable (2P)				Proven, probable and possible (3P)			
	Oil	NGL	Gas	Total	Oil	NGL	Gas	Total	Oil	NGL	Gas	Total
Tawke	112.4			112.4	142.5			142.5	161.9			161.9
Peshkabir	62.7			62.7	102.0			102.0	136.1			136.1
<b>Kurdistan</b>	<b>175.1</b>	<b>-</b>	<b>-</b>	<b>175.1</b>	<b>244.5</b>			<b>244.5</b>	<b>298.0</b>			<b>298.0</b>
Blane	0.1			0.1	0.2			0.2	0.3			0.3
Enoch	-			-	-			-	-			-
<b>UK</b>	<b>0.1</b>			<b>0.1</b>	<b>0.3</b>			<b>0.3</b>	<b>0.4</b>			<b>0.4</b>
Alve	0.5	0.9	3.1	4.5	0.6	0.9	3.4	5.0	0.7	1.0	3.7	5.4
Andvare	-	0.2	1.7	2.0	0.1	0.3	2.7	3.1	0.2	0.5	3.9	4.7
Berling	1.5	1.1	5.2	7.8	2.2	1.6	7.3	11.2	3.1	2.2	9.5	14.8
Brage	0.7	-	0.1	0.8	1.1	0.1	0.3	1.6	1.9	0.2	0.5	2.7
Fenja	1.4	0.1	0.6	2.1	2.5	0.1	0.9	3.4	3.8	0.1	1.3	5.2
Marulk	-	-	0.4	0.4	-	0.1	0.6	0.7	0.1	0.1	0.8	1.0
Oda	0.3	-	-	0.3	0.4	-	-	0.4	0.5	-	-	0.5
Ringhorne East	1.1			1.1	1.3			1.3	1.5			1.5
Tambar	0.7	-	0.1	0.9	1.1	0.1	0.3	1.4	1.3	0.1	0.4	1.7
Tambar East	0.8	-	0.1	0.8	2.3	0.1	0.1	2.4	3.9	0.1	0.2	4.2
Trym	0.2		1.1	1.3	0.3		1.4	1.7	0.4		1.8	2.2
Ula	0.8	0.1		0.9	1.0	0.1		1.1	1.7	0.2		1.9
Vilje	0.7		-	0.7	1.3		0.1	1.4	3.0		0.1	3.1
<b>Total Norway</b>	<b>8.7</b>	<b>2.4</b>	<b>12.4</b>	<b>23.7</b>	<b>14.2</b>	<b>3.4</b>	<b>17.2</b>	<b>34.8</b>	<b>22.1</b>	<b>4.5</b>	<b>22.2</b>	<b>49.0</b>
<b>Subtotal Consolidated reserves</b>				<b>198.8</b>				<b>279.5</b>				<b>347.3</b>
Côte d'Ivoire	0.1		7.5	7.6	0.1		10.4	10.5	0.2		13.0	13.2
<b>Total West Africa</b>	<b>0.1</b>	<b>-</b>	<b>7.5</b>	<b>7.6</b>	<b>0.1</b>	<b>-</b>	<b>10.4</b>	<b>10.5</b>	<b>0.2</b>	<b>-</b>	<b>13.0</b>	<b>13.2</b>
<b>Subtotal Equity accounted reserves</b>				<b>7.6</b>				<b>10.5</b>				<b>13.2</b>
<b>Total Group</b>				<b>206.4</b>				<b>290.1</b>				<b>360.5</b>

## Note 26

## Oil and gas reserves (unaudited)

## Reserves development by segment (net to DNO)

MMboe	Kurdistan			North Sea			Subtotal			West Africa			Total Group		
	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
<b>As of 1 January 2022</b>	<b>162.2</b>	<b>267.4</b>	<b>348.5</b>	<b>33.9</b>	<b>54.0</b>	<b>72.2</b>	<b>196.1</b>	<b>321.4</b>	<b>420.6</b>	-	-	-	<b>196.1</b>	<b>321.4</b>	<b>420.6</b>
Production	-29.3	-29.3	-29.3	-4.9	-4.9	-4.9	-34.2	-34.2	-34.2	-1.2	-1.2	-1.2	-35.4	-35.4	-35.4
Acquisitions	-	-	-	-	-	-	-	-	-	5.6	11.5	22.5	5.6	11.5	22.5
Divestments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New developments	-	-	-	8.4	12.1	16.5	8.4	12.1	16.5	-	-	-	8.4	12.1	16.5
Revision of previous estimates	58.1	7.2	-3.2	-12.5	-24.8	-34.3	45.6	-17.6	-37.6	-	-	-	45.6	-17.6	-37.6
<b>As of 31 December 2022</b>	<b>190.9</b>	<b>245.3</b>	<b>316.0</b>	<b>25.0</b>	<b>36.5</b>	<b>49.4</b>	<b>215.9</b>	<b>281.8</b>	<b>365.4</b>	<b>4.4</b>	<b>10.3</b>	<b>21.3</b>	<b>220.3</b>	<b>292.1</b>	<b>386.7</b>
Production	-12.7	-12.7	-12.7	-5.2	-5.2	-5.2	-17.9	-17.9	-17.9	-1.3	-1.3	-1.3	-19.1	-19.1	-19.1
Acquisitions	-	-	-	-	-	-	-	-	-	4.5	1.5	-6.9	4.5	1.5	-6.9
Divestments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New developments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revision of previous estimates	-3.2	11.9	-5.3	4.0	3.8	5.1	0.9	15.7	-0.2	-	-	-	0.9	15.7	-0.2
<b>As of 31 December 2023</b>	<b>175.1</b>	<b>244.5</b>	<b>298.0</b>	<b>23.8</b>	<b>35.1</b>	<b>49.3</b>	<b>198.9</b>	<b>279.6</b>	<b>347.3</b>	<b>7.6</b>	<b>10.5</b>	<b>13.2</b>	<b>206.4</b>	<b>290.1</b>	<b>360.5</b>

## Net Entitlement (NE) reserves by segment

MMboe	Kurdistan			North Sea			Subtotal			West Africa			Total Group		
	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
As of 31 December 2022	63.8	74.3	84.7	25.0	36.5	49.4	88.8	110.8	134.1	2.7	6.3	12.0	91.5	117.1	146.1
<b>As of 31 December 2023</b>	<b>60.9</b>	<b>74.0</b>	<b>82.7</b>	<b>23.8</b>	<b>35.1</b>	<b>49.3</b>	<b>84.7</b>	<b>109.1</b>	<b>132.0</b>	<b>4.9</b>	<b>6.8</b>	<b>8.3</b>	<b>89.6</b>	<b>115.9</b>	<b>140.3</b>

The reserves and contingent resources are according to the Annual Statement of Reserves and Resources (ASRR) dated 13 March 2024. Reported reserves fall within class 1-3 of the Norwegian Offshore Directorate (NOD) classification and 2C resources fall within class 4-7.

International petroleum consultants DeGolyer and MacNaughton (D&M) carried out an independent assessment of the Tawke license (containing the Tawke and Peshkabir fields) and the Baeshiqa license (containing the Baeshiqa and Zartik structures) in Kurdistan. International petroleum consultants RPS Energy Consultants (RPS) carried out an independent assessment of DNO reserves in Norway and the UK. Contingent resources in Norway are reported based on numbers published by the NOD. DNO had no contingent resources in the UK at yearend 2023. The International petroleum consultants Beicip-Franlab carried out an independent assessment of DNO's licenses (held through its indirect 33.33 percent interest in the operating entity) in Côte d'Ivoire. The Company internally assessed volumes reported for its Block 47 in Yemen.

At yearend 2023, DNO's net 1P reserves stood at 206.4 MMboe, compared to 220.3 MMboe at yearend 2022, after adjusting for production during the year and upward technical revisions. On a 2P reserves basis, DNO's net reserves stood at 290.1 MMboe, compared to 292.1 MMboe at yearend 2022. On a 3P reserves basis, DNO's net reserves were 360.5 MMboe, compared to 386.7 MMboe at yearend 2022. DNO's net 2C resources were 205.0 MMboe, up from 152.5 MMboe at yearend 2022.

DNO's net production in 2023 totaled 19.1 MMboe (of which 12.7 MMbbls were in Kurdistan, 5.1 MMboe in Norway, 1.3 MMboe in Côte d'Ivoire and the balance in the UK), compared to 35.4 MMboe in 2022 (of which 29.3 MMbbls in Kurdistan, 4.8 MMboe in Norway, 1.2 MMboe in Côte d'Ivoire and the balance in the UK).

The Company's net yearend 2023 Reserve Life Index (R/P) stood at 10.8 years on a 1P reserves basis, 15.2 years on a 2P reserves basis and 18.8 years on a 3P reserves basis.

Net reserves in DNO's licenses governed by PSCs (Kurdistan and Côte d'Ivoire) are based on the participation interest. NE reserves are net to DNO after royalty and include DNO's additional share of cost oil covering its advances towards the government carried interest (if any). Net reserves reflect pre-tax shares while Net Entitlement (NE) reserves reflect post-tax shares. NE reserves are based on economic evaluation of the license agreements, incorporating projections of future production, costs and oil and gas prices. NE reserves may therefore fluctuate over time, even if there are no changes in the underlying gross and net volumes.

Net and NE reserves in DNO's licenses not governed by PSCs (Norway and the UK) are equivalent and reflect pre-tax shares.

## Note 27

## Oil and gas license portfolio

## Kurdistan licenses

At yearend 2023, DNO held interests in two licenses in Kurdistan. The Tawke license contains the producing Tawke and Peshkabar fields. The Baeshiqa license contains two large structures with multiple independent stacked target reservoirs, including in the Cretaceous, Jurassic and Triassic formations. The structures at Baeshiqa and Zartik have the potential to be part of a single accumulation of hydrocarbons at one or more of the geological formation intervals.

## North Sea (Norway, the UK and other)

At yearend 2023, DNO held 73 offshore licenses in Norway, four offshore licenses in the UK and one offshore license in Netherlands.

## West Africa (Côte d'Ivoire)

At yearend 2023, DNO held two licenses in Côte d'Ivoire through its indirect 33.33 percent in Foxtrot International, both of which are PSCs. Foxtrot International holds a 27.27 percent interest in and operatorship of the producing Block CI-27, which contains the Foxtrot gas field, the Mahi gas field, the Marlin oil and gas field and the Manta gas field. Foxtrot International also operates the exploration Block CI-12, in which it holds a 24 percent interest. In accordance with IFRS, DNO's indirect interest in Foxtrot Mondoil Côte d'Ivoire/Foxtrot International is accounted for using the equity method (see Note 12).

## Other

At yearend 2023, DNO held one onshore license in Yemen.

As is customary in the oil and gas industry, most of the Group's assets are held in partnership with other companies. Below is an overview of the Group's licenses, which are held through several wholly-owned subsidiary companies.

## As of 31 December 2023

## Held through DNO as a subsidiary:

Region/license	Participating interest	Operator	Partner(s)
<b>Kurdistan</b>			
Tawke PSC	75.0	DNO Iraq AS	Genel Energy International Limited
Baeshiqa PSC	64.0	DNO Iraq AS	Turkish Energy Company Limited, Kurdistan Regional Government
<b>Norway</b>			
PL006 C (SE Tor)	65.0	DNO Norge AS	Aker BP ASA
PL018 ES	45.0	A/S Norske Shell	DNO Norge AS, Sval Energi AS
PL019 (Ula)	20.0	Aker BP ASA	DNO Norge AS
PL019 E (Ula)	20.0	Aker BP ASA	DNO Norge AS
PL019 F (Ula)	45.0	Aker BP ASA	DNO Norge AS
PL036 D (Vilje)	28.9	Aker BP ASA	DNO Norge AS, PGNiG Upstream Norway AS
PL048 D (Enoch)	9.3	Equinor Energy AS	DNO Norge AS, Petrolia NOCO AS, Aker BP ASA
PL053 B (Brage)	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 (Brage)	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 B (Brage)	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 D (Brage)	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 E (Brage)	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL065 (Tambar)	45.0	Aker BP ASA	DNO Norge AS
PL065 B (Tambar)	45.0	Aker BP ASA	DNO Norge AS
PL1049	40.0	DNO Norge AS	Longboat Japex Norge AS, Petoro AS
PL1083	30.0	Aker BP ASA	DNO Norge AS, Petoro AS
PL1084	40.0	Aker BP ASA	DNO Norge AS
PL1085	25.0	Aker BP ASA	DNO Norge AS, Petoro AS
PL1086	50.0	DNO Norge AS	Source Energy AS, Petoro AS
PL1102	30.0	Aker BP ASA	DNO Norge AS, Equinor Energy AS
PL1106	40.0	DNO Norge AS	Petoro AS, Petrolia NOCO AS, Aker BP ASA
PL1108	40.0	DNO Norge AS	Pandion Energy AS, OKEA ASA
PL1109	30.0	OMV (Norge) AS	DNO Norge AS, Pandion Energy AS
PL1112	20.0	A/S Norske Shell	DNO Norge AS, Neptune Energy Norge AS, Sval Energi AS
PL1120	40.0	DNO Norge AS	Equinor Energy AS, Vår Energi ASA, Wintershall Dea Norge AS
PL1145	60.0	DNO Norge AS	Aker BP ASA
PL1146	25.0	ConocoPhillips Skandinavia AS	DNO Norge AS
PL1146B	25.0	ConocoPhillips Skandinavia AS	DNO Norge AS
PL1147	20.0	Sval Energi AS	DNO Norge AS, Equinor Energy AS, Aker BP ASA
PL1148	30.0	Wellesley Petroleum AS	DNO Norge AS, Aker BP ASA, Equinor Energy AS
PL1148B	30.0	Wellesley Petroleum AS	DNO Norge AS, Aker BP ASA, Equinor Energy AS
PL1151	20.0	Wintershall Dea Norge AS	DNO Norge AS, Aker BP ASA, Pandion Energy AS
PL1158	40.0	Aker BP ASA	DNO Norge AS, Sval Energi AS
PL1160	60.0	DNO Norge AS	Sval Energi AS
PL1171	50.0	Aker BP ASA	DNO Norge AS

## Note 27

## Oil and gas license portfolio

PL1172	30.0	Aker BP ASA	DNO Norge AS, PGNiG Upstream Norway AS
PL1175	30.0	Aker BP ASA	DNO Norge AS, PGNiG Upstream Norway AS
PL1182S	40.0	DNO Norge AS	Aker BP ASA, Longboat Japex Norge AS
PL1186	20.0	Equinor Energy AS	DNO Norge AS, OKEA ASA, Wintershall DEA Norge AS
PL1187	30.0	OKEA ASA	DNO Norge AS, M Vest Energy AS, Wintershall DEA Norge AS
PL122 (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 B (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 C (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 D (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL147 (Trym)	50.0	DNO Norge AS	Sval Energi AS
PL159 B (Alve)	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL159 G (Alve)	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL169 E (Ringhorne Øst)	87.0	DNO Norge AS	Vår Energi ASA
PL185 (Brage)	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL248 F	20.0	Wintershall Dea Norge AS	DNO Norge AS, Petoro AS
PL248 GS	20.0	Wintershall Dea Norge AS	DNO Norge AS, Petoro AS
PL248 K	20.0	Wintershall Dea Norge AS	DNO Norge AS, Petoro AS
PL293 B	29.0	Equinor Energy AS	DNO Norge AS, INPEX Idemitsu Norge AS, Longboat Japex Norge AS
PL293 CS	29.0	Equinor Energy AS	DNO Norge AS, INPEX Idemitsu Norge AS, Longboat Japex Norge AS
PL300 (Tambar Øst)	45.0	Aker BP ASA	DNO Norge AS
PL405 (Oda)	15.0	Sval Energi AS	DNO Norge AS, Aker BP ASA
PL586 (Fenja)	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi ASA, Sval Energi AS
PL586 B (Fenja)	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi ASA, Sval Energi AS
PL644 (Berling)	30.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS
PL644 B (Berling)	30.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS
PL644 C (Berling)	30.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS
PL740 (Brasse)	39.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, M Vest Energy AS
PL827 S	49.0	Equinor Energy AS	DNO Norge AS
PL827 SB	49.0	Equinor Energy AS	DNO Norge AS
PL836 S	30.0	Wintershall Dea Norge AS	DNO Norge AS, Equinor Energy AS
PL836 SB	30.0	Wintershall Dea Norge AS	DNO Norge AS, Equinor Energy AS
PL923	20.0	Equinor Energy AS	DNO Norge AS, Petoro AS
PL923 B	20.0	Equinor Energy AS	DNO Norge AS, Petoro AS
PL929	10.0	Neptune Energy Norge AS	DNO Norge AS, Pandion Energy AS, Wintershall Dea Norge AS, AkerBP ASA
PL969	45.0	A/S Norske Shell	DNO Norge AS, Sval Energi AS
PL969B	45.0	A/S Norske Shell	DNO Norge AS, Sval Energi AS
PL984	30.0	DNO Norge AS	Vår Energi ASA, Source Energy AS, Equinor Energy AS, AkerBP ASA
PL984 BS	30.0	DNO Norge AS	Vår Energi ASA, Source Energy AS, Equinor Energy AS, AkerBP ASA
<b>UK</b>			
P111	54.3	BRITOIL LIMITED	DNO North Sea (U.K.) Ltd, DNO North Sea (ROGB) Ltd, Dana Petroleum (BVUK) Ltd.
P219	18.2	Repsol Sinopec North Sea Ltd	DNO North Sea (ROGB) Ltd, Dana Petroleum (BVUK) Ltd, Waldorf Production UK Ltd
P255	45.0	Shell U.K. Ltd	DNO North Sea (U.K.) Ltd, Spirit Energy Resources Ltd
P2543	50.0	DNO North Sea (U.K.) Ltd	Aker BP ASA
<b>Netherlands</b>			
D18a	2.5	Neptune E&P UKCS Ltd	DNO North Sea (U.K.) Ltd, Ineos UK SNS Ltd, Premier Oil E&P UK Ltd
<b>Yemen</b>			
Block 47	64.0	DNO Yemen AS	The Yemen Company, Geopetrol Hadramaut Incorporated
<b>Held through equity-accounted investment Mondoil Côte d'Ivoire/Foxtrot International as a joint venture (Note 12):</b>			
<b>Côte d'Ivoire</b>			
Block CI-27	27.3	Foxtrot International LDC	SECI SA, Petroci*
Block CI-12	24.0	Foxtrot International LDC	SECI SA, Petroci



## Note 27

## Oil and gas license portfolio

As of 31 December 2022

Held through DNO as a subsidiary:

Region/license	Participating interest	Operator	Partner(s)
<b>Kurdistan</b>			
Tawke PSC	75.0	DNO Iraq AS	Genel Energy International Limited
Baeshiqqa PSC	64.0	DNO Iraq AS	Turkish Energy Company Limited, Kurdistan Regional Government
<b>Norway</b>			
PL006 C (SE Tor)	65.0	DNO Norge AS	Aker BP ASA
PL018 ES	45.0	A/S Norske Shell	DNO Norge AS, Spirit Energy Norway AS
PL019 (Ula)	20.0	Aker BP ASA	DNO Norge AS
PL019 E (Ula)	20.0	Aker BP ASA	DNO Norge AS
PL019 F (Ula)	45.0	Aker BP ASA	DNO Norge AS
PL036 D (Vilje)	28.9	Aker BP ASA	DNO Norge AS, PGNiG Upstream Norway AS
PL048 D (Enoch)	9.3	Equinor Energy AS	DNO Norge AS, Petrolia NOCO AS, Aker BP ASA
PL053 B (Brage)	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi ASA, Neptune Energy Norway AS
PL055 (Brage)	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi ASA, Neptune Energy Norway AS
PL055 B (Brage)	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi ASA, Neptune Energy Norway AS
PL055 D (Brage)	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi ASA, Neptune Energy Norway AS
PL055 E (Brage)	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi ASA, Neptune Energy Norway AS
PL065 (Tambar)	45.0	Aker BP ASA	DNO Norge AS
PL065 B (Tambar)	45.0	Aker BP ASA	DNO Norge AS
PL1048	50.0	Lundin Energy Norway AS	DNO Norge AS
PL1076	50.0	Equinor Energy AS	DNO Norge AS
PL1083	30.0	Lundin Energy Norway AS	DNO Norge AS, Petoro AS
PL1084	40.0	Lundin Energy Norway AS	DNO Norge AS
PL1085	25.0	Aker BP ASA	DNO Norge AS, Petoro AS
PL1086	50.0	DNO Norge AS	Source Energy AS, Petoro AS
PL1102	30.0	Lundin Norway AS	DNO Norge AS
PL1106	40.0	DNO Norge AS	Petoro AS, Petrolia NOCO AS, Lundin Energy Norway AS
PL1108	40.0	DNO Norge AS	Pandion Energy AS, OKEA ASA
PL1109	30.0	OMV (Norge) AS	DNO Norge AS, ONE-Dyas Norge AS
PL1112	20.0	A/S Norske Shell	DNO Norge AS, Neptune Energy Norge AS, Spirit Energy Norway AS
PL1120	40.0	DNO Norge AS	Equinor Energy AS, Vår Energi ASA, Wintershall Dea Norge AS
PL1145	60.0	DNO Norge AS	DNO Norge AS, Aker BP ASA
PL1146	25.0	ConocoPhillips Skandinavia AS	ConocoPhillips Skandinavia AS; DNO Norge AS
PL1147	20.0	Lundin Norway AS	Spirit Energy Norway AS; Lundin Energy Norway AS; DNO Norge AS; Equinor Energy AS
PL1148	30.0	Wellesley Petroleum AS	Wellesley Petroleum AS; DNO Norge AS; Aker BP ASA; Equinor Energy AS
PL1151	20.0	Wintershall Dea Norge AS	Wintershall Dea Norge AS; DNO Norge AS; Aker BP ASA; ONE-Dyas Norge AS
PL1158	40.0	Lundin Norway AS	Aker BP ASA; DNO Norge AS; Spirit Energy Norway AS
PL1160	60.0	DNO Norge AS	DNO Norge AS; Spirit Energy Norway AS
PL122 (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 B (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 C (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 D (Marulk)	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL147 (Trym)	50.0	DNO Norge AS	Spirit Energy Norway AS
PL159 B (Alve)	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL159 G (Alve)	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL169 E (Ringhorne Øst)	87.0	DNO Norge AS	Vår Energi ASA
PL185 (Brage)	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi ASA, Neptune Energy Norge AS
PL248 F	20.0	Wintershall Dea Norge AS	DNO Norge AS, Petoro AS
PL248 GS	20.0	Wintershall Dea Norge AS	DNO Norge AS, Petoro AS
PL274 (Oselvar)	55.0	DNO Norge AS	CapeOmega AS
PL293 B	29.0	Equinor Energy AS	DNO Norge AS, Idemitsu Petroleum Norge AS, Longboat Energy Norway AS
PL300 (Tambar Øst)	45.0	Aker BP ASA	DNO Norge AS
PL405 (Oda)	15.0	Spirit Energy Norway AS	DNO Norge AS, Aker BP ASA, Suncor Energy Norge AS
PL586 (Fenja)	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi ASA, Suncor Energy Norge AS
PL586B (Fenja)	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi ASA, Suncor Energy Norge AS
PL644 (Berling)	20.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS, Spirit Energy Norway AS
PL644 B (Berling)	20.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS, Spirit Energy Norway AS
PL644 C (Berling)	20.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS, Spirit Energy Norway AS
PL740 (Brasse)	50.0	DNO Norge AS	Vår Energi ASA
PL827 S	49.0	Equinor Energy AS	DNO Norge AS
PL836 S	30.0	Wintershall Dea Norge AS	DNO Norge AS, Spirit Energy Norway AS
PL836 SB	30.0	Wintershall Dea Norge AS	DNO Norge AS, Spirit Energy Norway AS
PL906	30.0	Aker BP ASA	DNO Norge AS, Longboat Energy Norge AS
PL923	20.0	Equinor Energy AS	DNO Norge AS, Wellesley Petroleum AS, Petoro AS
PL923B	20.0	Equinor Energy AS	DNO Norge AS, Wellesley Petroleum AS, Petoro AS

## Note 27

## Oil and gas license portfolio

PL929	10.0	Neptune Energy Norge AS	DNO Norge AS, Pandion Energy AS, Wintershall Dea Norge AS, Lundin Norway AS
PL943	30.0	Equinor Energy AS	DNO Norge AS, Sval Energi AS
PL968	50.0	DNO Norge AS	Petoro AS, MOL Norge AS, Aker BP ASA
PL969	45.0	A/S Norske Shell	DNO Norge AS, Spirit Energy Norway AS
PL969B	45.0	A/S Norske Shell	DNO Norge AS, Spirit Energy Norway AS
PL984	30.0	DNO Norge AS	Vår Energi ASA, Source Energy AS
PL984 BS	30.0	DNO Norge AS	Vår Energi ASA, Source Energy AS
PL994	30.0	Neptune Energy Norge AS	DNO Norge AS, Petrolia NOCO AS
<b>UK</b>			
P111	54.3	Repsol Sinopec Resources UK Ltd	DNO North Sea (U.K.) Ltd, DNO North Sea (ROGB) Ltd, Dana Petroleum (BVUK) Ltd.
P219	18.2	Repsol Sinopec North Sea Ltd	DNO North Sea (ROGB) Ltd, Dana Petroleum (BVUK) Ltd, Waldorf Production UK Ltd
P2401	45.0	Shell U.K. Ltd	DNO North Sea (U.K.), Spirit Energy Resources Ltd
P255	45.0	Shell U.K. Ltd	DNO North Sea (U.K.) Ltd, Spirit Energy Resources Ltd
P558	10.0	Britoil Ltd	DNO North Sea (U.K.) Ltd, Rockrose Energy
P803	10.0	BP Exploration Operating Company Ltd	DNO North Sea (U.K.) Ltd, Rockrose UKCS 10 Ltd
P2537	30.0	Chrysaor Production (U.K.) Limited	DNO North Sea (U.K.) Ltd, Neo Energy (ZEX) Limited
<b>Netherlands</b>			
D15	5.0	Neptune E&P UKCS Ltd	DNO North Sea (U.K.) Ltd, Ineos UK SNS Ltd, Premier Oil E&P UK Ltd
D18a	2.5	Neptune E&P UKCS Ltd	DNO North Sea (U.K.) Ltd, Ineos UK SNS Ltd, Premier Oil E&P UK Ltd
<b>Yemen</b>			
Block 47	64.0	DNO Yemen AS	The Yemen Company, Geopetrol Hadramaut Incorporated
<b>Held through equity-accounted investment Mondoil Côte d'Ivoire/Foxtrot International as a joint venture (Note 12):</b>			
<b>Côte d'Ivoire</b>			
Block CI-27	27.3	Foxtrot International LDC	SECI SA, Petroci*
Block CI-12	24.0	Foxtrot International LDC	SECI SA, Petroci

\*Société Nationale d'Opérations Pétrolières de la Côte d'Ivoire

**Note 28****Significant events after the reporting date****Accounting policies****Significant events after the reporting date**

Adjusting events are those providing evidence of conditions existing at the end of the reporting period, whereas non-adjusting events are indicative of conditions arising after the reporting period (the latter being disclosed where material).

**The Company's Board of Directors approve dividend payment**

On 8 February 2024, the Company announced that pursuant to the authorization granted at the 2023 AGM, the Board of Directors has approved a dividend payment of NOK 0.25 per share. Payment of the dividend was made on 26 February 2024. This is considered a non-adjusting event (see also parent company accounts).

**DNO acquires interest in UK's Arran field, expands North Sea portfolio**

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 is expected to add some four million barrels of oil equivalent net to DNO, of which 90 percent gas. The cash consideration is USD 70 million plus a contingent consideration of up to USD 5 million if certain operational targets are met. The effective date is set to 1 January 2024 and the transaction is expected to close in the second quarter of 2024, subject to authorities' approval. This is considered a non-adjusting event.

**Redemption of bond DNO03**

On 22 January 2024, DNO ASA fully completed a USD 131.2 million call option redemption of the DNO03 bond (ISIN: NO0010852643) at redemption price of 100 percent plus accrued interest.

**DNO receives 14 awards in Norway's APA licensing round**

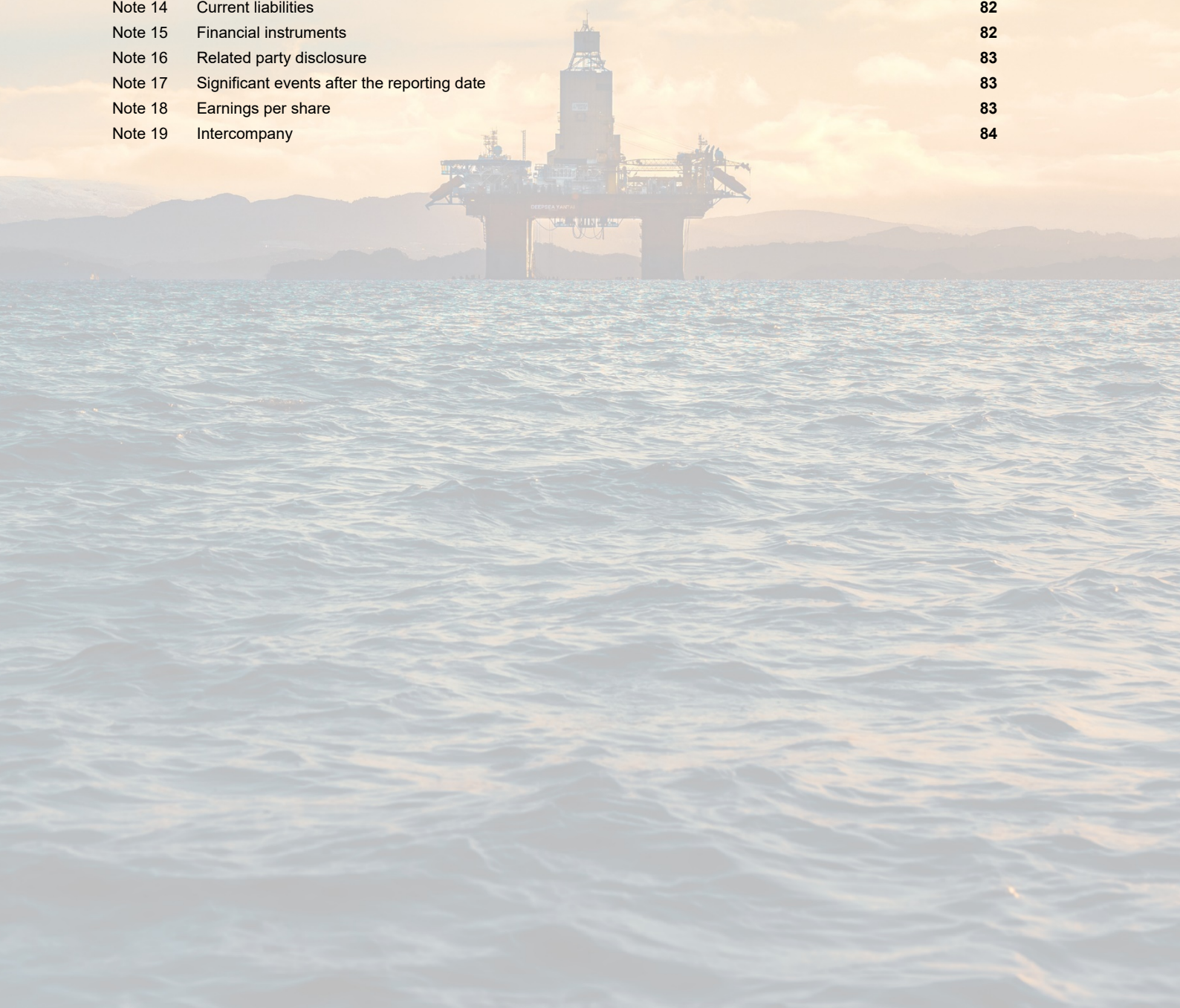
On 16 January 2024, the Company announced that its wholly-owned subsidiary DNO Norge AS has been awarded participation in 14 exploration licenses, of which three are operatorships, under Norway's APA 2023 licensing round. Of the 14 new licenses, 10 are in the North Sea and four in the Norwegian Sea.

# Parent company accounts

Income statement	72
Balance sheet	72
Cash flow statement	74

## Note disclosures

Note 1	Accounting principles	75
Note 2	Operating revenues	76
Note 3	Salaries, pensions, remuneration, shares, options and severance	76
Note 4	Other operating expenses	78
Note 5	Net financial income/-expenses	78
Note 6	Taxes	79
Note 7	Property, plant and equipment/Intangible assets	80
Note 8	Investment in shares/Other investments	80
Note 9	Other receivables	81
Note 10	Cash and cash equivalents	81
Note 11	Equity	81
Note 12	Guarantees, leasing liabilities and commitments	82
Note 13	Interest-bearing liabilities	82
Note 14	Current liabilities	82
Note 15	Financial instruments	82
Note 16	Related party disclosure	83
Note 17	Significant events after the reporting date	83
Note 18	Earnings per share	83
Note 19	Intercompany	84



## Income statement

USD thousand	Note	1 January - 31 December	
		2023	2022
Operating revenues	2, 19	25,029	27,448
<b>Total operating revenues</b>		<b>25,029</b>	<b>27,448</b>
Depreciation	7	-1,559	-1,353
Payroll and other social expenses	3	-22,130	-20,514
Other operating expenses	4	-19,761	-18,414
<b>Total operating expenses</b>		<b>-43,450</b>	<b>-40,281</b>
<b>Operating profit/-loss</b>		<b>-18,421</b>	<b>-12,833</b>
Net financial income/-expense	5	105,122	355,341
<b>Profit/-loss before income tax</b>		<b>86,701</b>	<b>342,508</b>
Tax income/-expense	6	-	-
<b>Net profit/-loss</b>		<b>86,701</b>	<b>342,508</b>
Earnings per share, basic (USD per share)	18	0.09	0.35
Earnings per share, diluted (USD per share)	18	0.09	0.35
Weighted average number of shares outstanding (millions)		980.04	986.97

## Balance sheet

### ASSETS

USD thousand	Note	Years ended 31 December	
		2023	2022
<b>Fixed assets</b>			
Intangible assets	7	2,976	3,801
Property, plant and equipment	7	556	398
<b>Total intangible and tangible assets</b>		<b>3,532</b>	<b>4,199</b>
<b>Financial assets</b>			
Shares in subsidiaries	8	523,283	543,597
Intercompany receivables	19	158,913	86,081
<b>Total financial assets</b>		<b>682,196</b>	<b>629,678</b>
<b>Total non-current assets</b>		<b>685,728</b>	<b>633,877</b>
<b>Current assets</b>			
Intercompany receivables	19	6,586	9,773
Other receivables	9	6,476	3,511
Cash and cash equivalents	10	461,162	641,007
<b>Total current assets</b>		<b>474,224</b>	<b>654,291</b>
<b>TOTAL ASSETS</b>		<b>1,159,952</b>	<b>1,288,168</b>

## EQUITY AND LIABILITIES

USD thousand	Note	Years ended 31 December	
		2023	2022
<b>Paid-in capital</b>			
Share capital		32,858	34,777
Treasury shares		-	-869
Share premium		343,620	343,620
<b>Total paid-in capital</b>	<b>11</b>	<b>376,478</b>	<b>377,528</b>
<b>Retained earnings</b>			
Retained earnings		211,202	263,269
<b>Total retained earnings</b>	<b>11</b>	<b>211,202</b>	<b>263,269</b>
<b>Total equity</b>	<b>11</b>	<b>587,680</b>	<b>640,797</b>
<b>Non-current liabilities</b>			
Intercompany liabilities	19	-	80,967
Interest-bearing liabilities	13	393,181	521,401
Other non-current liabilities		3,403	1,283
<b>Total non-current liabilities</b>		<b>396,584</b>	<b>603,651</b>
<b>Current liabilities</b>			
Trade payables and provisions for other liabilities and charges	14	15,293	18,461
Intercompany liabilities	19	6,144	-
Current interest-bearing liabilities	13	131,162	-
Dividend	11	23,089	25,259
<b>Total current liabilities</b>		<b>175,688</b>	<b>43,720</b>
<b>Total liabilities</b>		<b>572,272</b>	<b>647,371</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,159,952</b>	<b>1,288,168</b>

Oslo, 13 March 2024

Bijan Mossavar-Rahmani  
Executive Chairman

Gunnar Hirsti  
Deputy Chairman

Elin Karfjell  
Director

Anne Marie Hjerkin Aarnæs  
Director

Najmedin Meshkati  
Director

Christopher Spencer  
Managing Director



# Cash flow statement

USD thousand	Note	1 January - 31 December	
		2023	2022
<b>Operating activities</b>			
Profit/-loss before income tax		86,701	342,508
<b>Adjustments to add (deduct) non-cash items:</b>			
Depreciation and impairment of tangible and intangible assets	7	1,559	1,353
Impairment/-reversal of impairment of financial assets	5	33,116	152,601
Change in fair value of financial investments	5	-	-14,211
Amortization of borrowing issue costs	5,13	2,942	4,454
Interest expense	5	42,490	52,153
Interest income	5	-25,742	-9,429
Other		184	-728
<b>Changes in working capital and provisions:</b>			
- Trade and other receivables		222	-2,523
- Trade and other payables		-3,168	-1,054
- Provisions for other liabilities and charges		3,032	968
<b>Cash generated from operations</b>		<b>141,336</b>	<b>526,092</b>
Income taxes paid	6		
Interest received		26,265	9,504
Interest paid		-42,485	-53,636
Dividend received	5	20,000	-
<b>Net cash from/-used in operating activities</b>		<b>145,116</b>	<b>481,961</b>
<b>Investing activities</b>			
Purchases of intangible and tangible assets	7	-890	-1,098
Loans to subsidiaries	19	-105,646	-5,325
Proceeds from sale of financial investments		-	1,017
<b>Net cash from/-used in investing activities</b>		<b>-106,536</b>	<b>-5,406</b>
<b>Financing activities</b>			
Repayment of borrowings	13	-	-263,745
Payment debt issue costs	13	-	-
Loans from subsidiaries	19	-75,735	-2,289
Purchase of treasury shares	11	-50,688	-11,713
Paid dividend	11	-92,002	-72,819
<b>Net cash from/-used in financing activities</b>		<b>-218,425</b>	<b>-350,565</b>
Net increase/-decrease in cash and cash equivalents		-179,845	125,991
Cash and cash equivalents at the beginning of the period		641,007	515,018
<b>Cash and cash equivalents at end of the period</b>	10	<b>461,162</b>	<b>641,007</b>
Of which restricted cash		2,187	2,153

## Note 1

# Accounting principles

### ■ General

The financial statements of DNO ASA (the Company) are presented in accordance with the Norwegian Accounting Act and Norwegian accounting standards. The notes are an integral part of the financial statements. For more information about the accounting principles, see Note 1 in the consolidated accounts.

### ■ Use of estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported revenues and expenses, assets and liabilities, and the disclosures. Actual results could differ from those estimates.

### ■ Currency

The financial statements are presented in USD, which is also the functional currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company. Monetary items denominated in foreign currencies are converted using exchange rates on the balance sheet date. Realized and unrealized currency gains and losses are included in the profit or loss. Foreign currency transactions are recorded using exchange rates on the date of transaction.

### ■ Consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with IFRS as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act and have been presented separately from the parent company accounts.

### ■ Investments in subsidiaries

Investments in subsidiaries are recorded at historical cost. If the market value of the investment is lower than the carrying value, an impairment charge is recorded and a new cost basis of the investment is established. The impairment charge is reversed if the basis for the impairment ceases to exist.

### ■ Valuation and classification of balance sheet items

Current assets and short-term liabilities include items due less than one year from drawdown and items related to the operating cycle. Other assets or liabilities are classified as fixed assets or long-term liabilities. Other financial investments including investments in bonds are classified as non-current assets. They are initially valued at cost price and subsequently may be impaired to fair value.

### ■ Shares

Shares classified as financial assets are valued at their cost price and impaired in the case of permanent and significant decline in value. Listed shares are valued at fair value.

### ■ Fixed assets

Intangible assets and PP&E are stated at cost, less accumulated amortization and accumulated impairment charges. Intangible assets and PP&E are depreciated using a straight-line method based on estimated useful life. Estimated useful life varies between three and seven years. Impairment charge is recognized when the book value exceeds the fair value of the asset.

### ■ Income taxes

Tax income/-expense consists of taxes receivable/-payable and changes in deferred tax. Tax receivables/payables are based on amounts receivable from or payable to tax authorities. Deferred tax liability is calculated on all taxable temporary differences, unless there is a recognition exception. A deferred tax asset is recognized only to the extent that it is probable that the future taxable income will be available against which the asset can be utilized.

### ■ Share-based payments

Cash-settled share-based payments are recognized in the income statement as expenses during the vesting period and as a liability. The liability is measured at fair value and revaluated using the Black & Scholes pricing model at each balance sheet date and at the date of settlement, with any change in fair value recognized in the profit or loss for the period.

### ■ Pensions

The Company records pension schemes according to the Norwegian accounting standard for pension costs. The Company has contribution plans for employees as provided for under Norwegian law. For such plans, only the contributions paid during the period are expensed.

### ■ Revenue recognition

Revenues from services are recorded when the service has been performed.

### ■ Allowance for doubtful balances

Trade receivables are recognized and carried at their anticipated realizable value, which implies that a provision for a loss allowance on expected credit losses of the receivable is recognized.

### ■ Contingent assets/liabilities

According to Norwegian accounting standards relating to contingent items, provisions are made for contingent liabilities that are probable and quantifiable, while contingent assets are not recognized.

### ■ Cash flow statement

The cash flow statement is based on the indirect method. Cash equivalents include bank deposits.

### ■ Dividend

In accordance with Norwegian accounting standards, the Company recognizes a liability to pay dividend for proposed ordinary dividend and additional or extraordinary dividend resolved after yearend but before or on the date of approval of the financial statements by the Board of Directors.

## Note 2

## Operating revenues

USD thousand	1 January - 31 December	
	2023	2022
Operating revenues	25,029	27,448
<b>Total operating revenues</b>	<b>25,029</b>	<b>27,448</b>

Operating revenues relate to services provided by the Company to its subsidiaries.

## Note 3

## Salaries, pensions, remuneration, shares, options and severance

USD thousand	1 January - 31 December	
	2023	2022
<b>Payroll and other social expenses</b>		
Salaries, bonuses and other salary expenses	-15,798	-15,088
Employer's payroll tax expense	-3,688	-2,487
Pensions	-2,039	-2,164
Other personnel costs	-605	-775
<b>Total payroll and other social expenses</b>	<b>-22,130</b>	<b>-20,514</b>
Average number of man-labor years	58	56

## Pensions

DNO has a defined contribution scheme for its Norway-based employees that meets the Norwegian requirements for mandatory occupational pensions (*"obligatorisk tjenestepensjon"*).

## Remuneration to the Board of Directors and executive management

Remuneration to the Board of Directors (USD thousand)	2023	2022
Bijan Mossavar-Rahmani, Executive Chairman, member of the nomination and remuneration committees	1,327.1	919.8
Gunnar Hirsti, Deputy Chairmen, chairs the audit committee and is a member of the remuneration committee	95.4	72.1
Elin Karfjell, Director, member of the audit committee	74.8	59.1
Anita Marie Hjerkin Aarnæs, Director, member of the HSSE committee	74.8	38.2
Najmedin Meshkati, Director and member of the HSSE committee (from June 2023)	40.5	-
Lars Arne Takla, former Deputy Chairman and member of the HSSE (until May 2022) and nomination (until May 2023) committees	1.6	26.0
Shelley Watson, former Director and member of the audit and HSSE committees (until November 2022)	-	59.6
<b>Total</b>	<b>1,614.2</b>	<b>1,174.8</b>

Total remuneration to the Board of Directors consists of regular fees (USD 1,336,984), extraordinary cash remuneration (USD 232,992) and fees for participation in the board committees (USD 44,236). Separately, a fee of USD 3,483 was paid to Kåre Tjønneland and a fee of USD 2,181 was paid to Ferris J. Hussein for service on the nomination committee. The Company may reimburse travel expenses and other relevant expenses incurred by the members of the Board of Directors in connection with the performance of their duties.

Remuneration to Managing Director and executive management (USD thousand)	Salary	Bonus	Synthetic		Total	Pension
			shares*	Other		
Chris Spencer, Managing Director**	582.9	156.6	333.7	73.8	1,147.0	19.4
Haakon Sandborg, Chief Financial Officer	409.8	113.9	237.5	47.1	808.3	19.4
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	404.5	113.6	236.9	46.6	801.5	19.4
Sameh Hanna, General Manager Kurdistan region of Iraq	483.1	62.5	-	161.0	706.7	-
Ørjan Gjerde, General Manager DNO North Sea**	394.8	110.6	-	47.0	552.4	19.4

\* Synthetic share awards that vested during the year.

\*\* On 7 September 2023, the Company announced that Chris Spencer has been appointed Managing Director of the Company as Bjørn Dale steps down as part of a planned management transition initiated last year. Mr. Spencer has been DNO's Chief Operating Officer (COO) since 2021. The Managing Director remuneration presented above represents Mr. Spencer's remuneration both in the role as the COO and the Managing Director during 2023. A remuneration of USD 1.7 million (not included in the above table) was in 2023 paid to Bjørn Dale, which included a severance pay portion. On 15 January 2024, Ørjan Gjerde steps down as General Manager of DNO's North Sea Business Unit and is replaced by Elisabeth Femsteinevik (former Exploration Manager in DNO North Sea Business Unit).

**Note 3****Salaries, pensions, remuneration, shares, options and severance**

The following table is an overview of synthetic shares that have been awarded to the directors of the Board and members of the executive management during the year. For an overview of total synthetic shares of employees at yearend 2023, see Note 5 in the consolidated accounts.

**Movement in synthetic Company shares during 2023**

Number of shares	Opening	Movements (full-year)		Closing	Unrestrict.	Weight. average price
	balance at 1 Jan	Granted	Settled	balance at 31 Dec	at 31 Dec	
Bijan Mossavar-Rahmani, Executive Chairman	-	347,156	-	347,156	-	-
Gunnar Hirsti, Deputy Chairmen	-	20,693	-	20,693	-	-
Elin Karfjell, Director	-	17,262	-	17,262	-	-
Anita Marie Hjerkin Aarnæs, Director	-	17,262	-	17,262	-	-
Najmedin Meshkati, Director	-	20,693	-	20,693	-	-
Chris Spencer, Managing Director	1,449,166	551,634	441,969	1,558,831	317,206	10.49
Haakon Sandborg, Chief Financial Officer	950,145	179,234	252,383	876,996	38,974	9.94
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	767,596	162,977	251,714	678,859	5,887	9.94
Sameh Hanna, General Manager Kurdistan Region of Iraq	-	254,707	-	254,707	-	-
Ørjan Gjerde, General Manager DNO North Sea	11,696	101,247	-	112,943	-	-

The weighted average settlement price for synthetic shares settled during 2023 was NOK 10.20. The weighted average remaining contractual life of the synthetic shares was 2.5 years.

For more information regarding remuneration of executive management and the Board of Directors, please refer to the Company's remuneration guidelines that was approved at the 2023 AGM and a separate 2023 remuneration report, both reports published on the Company's website.

**Auditor fees**

All figures are exclusive of VAT (USD thousand)	1 January - 31 December	
	2023	2022
Auditor fees	-284	-296
Other financial audit services	-17	-26
<b>Total auditing fees</b>	<b>-301</b>	<b>-322</b>
Tax assistance	-100	-54
Other assistance	-	-
<b>Total auditor fees</b>	<b>-401</b>	<b>-376</b>

See Note 5 in the consolidated accounts for further information on administrative expenses.

**Note 4****Other operating expenses**

USD thousand	1 January - 31 December	
	2023	2022
Lease expense on buildings and equipment	-2,831	-2,492
Other office expenses	19	-203
IT expenses	-9,187	-9,760
Travel expenses	-2,538	-1,146
Legal expenses	-880	-281
Consultant fees	-2,637	-3,418
Other general and administrative costs	-1,707	-1,113
<b>Total other operating expenses</b>	<b>-19,761</b>	<b>-18,414</b>

**Note 5****Net financial income/-expenses**

USD thousand	1 January - 31 December	
	2023	2022
Dividend and group contribution received from group companies	145,641	556,648
Interest income	25,742	9,429
Interest income from group companies	15,745	6,050
Other financial income	-	875
Gain on foreign exchange	2,325	4,925
Change in fair value of financial investments	-	14,211
<b>Total financial income</b>	<b>189,453</b>	<b>592,138</b>
Interest expenses	-42,490	-52,153
Interest expenses group companies	-2,107	-13,106
Loss on foreign exchange	-3,521	-7,204
Impairment of financial assets	-33,116	-152,601
Other financial expenses	-3,097	-11,733
<b>Total financial expenses</b>	<b>-84,331</b>	<b>-236,797</b>
<b>Net financial income/-expenses</b>	<b>105,122</b>	<b>355,341</b>

In 2023, the impairment of financial assets of USD 33.1 million was mainly related to DNO Yemen AS (USD 32.8 million). Other financial expenses in 2023 were mainly related to amortization of bond issue costs (USD 2.9 million).

In 2022, the impairment of financial assets of USD 152.6 million was mainly related to DNO North Sea plc (USD 146.4 million), DNO Yemen AS (USD 3.6 million) and DNO Oman Ltd (USD 1.1 million). Change in fair value of financial investments was related to the Company's shareholding in RAK Petroleum until transaction completion with RAK Petroleum. Other financial expenses in 2022 were mainly related to amortization of bond issue costs (USD 4.5 million) and expensing of bond premium and fees related to repurchase of bonds (USD 6.8 million).

## Note 6

## Taxes

## Tax income/-expense

USD thousand	1 January - 31 December	
	2023	2022
Change in deferred taxes	-	-
Income tax receivable/-payable	-	-
<b>Tax income/-expense</b>	<b>-</b>	<b>-</b>

## Reconciliation of tax income/-expense

USD thousand	1 January - 31 December	
	2023	2022
<b>Profit/-loss before income tax</b>	<b>86,701</b>	<b>342,508</b>
Expected income tax according to nominal tax rate of 22 percent	-19,074	-75,352
Foreign exchange variations between functional and tax currency	-929	4,063
Adjustment of deferred tax assets not recognized	-4,357	-18,113
Impairment financial assets	-7,016	-30,233
Tax-free dividend from subsidiaries	21,915	119,125
Other items	9,462	510
<b>Tax income/-expense</b>	<b>-</b>	<b>-</b>
<b>Effective income tax rate</b>	<b>0%</b>	<b>0%</b>

## Tax effects of temporary differences and losses carried forward

USD thousand	Years ended 31 December	
	2023	2022
Intangible assets	-	-38
Losses carried forward	78,528	83,750
Non-deductible interests carried forward	25,541	26,358
Other temporary differences	-270	-816
Deferred tax assets/-liabilities	103,799	109,254
Valuation allowance	-103,799	-109,254
<b>Net deferred tax assets/-liabilities</b>	<b>-</b>	<b>-</b>
Recognized deferred tax assets	-	-
Recognized deferred tax liabilities	-	-

The corporate tax rate in Norway is 22 percent.

The carry forward period for unused losses in Norway is indefinite. Non-deductible interest expense can be carried forward for a period of up to 10 years and will expire in the period 2026 to 2031. A deferred tax asset has not been recognized for these losses as there is uncertainty regarding future taxable profits. The losses cannot be used towards petroleum activities on the NCS. The petroleum activities carried out abroad by Norwegian subsidiaries are tax exempt in Norway and under the exemption method dividends from subsidiaries are not taxable in Norway.



## Note 7

## Property, plant and equipment/Intangible assets

USD thousand	Intangible assets	PP&E	Total
Costs as of 1 January 2023	15,520	3,678	19,198
Additions	436	454	890
<b>Costs as of 31 December 2023</b>	<b>15,956</b>	<b>4,132</b>	<b>20,088</b>
Accumulated depreciation as of 1 January 2023	-11,719	-3,280	-14,999
Depreciation	-1,261	-296	-1,559
<b>Accumulated depreciation and impairments as of 31 December 2023</b>	<b>-12,980</b>	<b>-3,576</b>	<b>-16,556</b>
<b>Book value as of 31 December 2023</b>	<b>2,976</b>	<b>556</b>	<b>3,532</b>
Book value as of 31 December 2022	3,801	398	4,199

Intangible assets and PP&E are depreciated using the linear method based on estimated useful life of three to seven years.

## Note 8

## Investment in shares

Subsidiaries owned by the Company	Office	Ownership and voting interest (percent)	Share capital in 1,000	Book equity in USD 1,000	Net profit/loss in USD 1,000	Book value of shares USD 1,000
DNO Yemen AS*	Norway	100	NOK 291,000	-70,691	-8,073	-
DNO UK Limited	UK	100	GBP 100	-134	-6	-
DNO Iraq AS	Norway	100	NOK 1,200	871,126	2,234	279,848
DNO Mena AS**	Norway	100	NOK 2,000	2,083	138	1,904
DNO Technical Services AS	Norway	100	NOK 200	4,982	28	4,970
DNO Exploration UK Limited	UK	100	GBP 30,912	-1,519	-206	-
DNO North Sea plc**	UK	100	GBP 37,289	178,579	40,033	157,585
Mondoil Enterprises LLC**	United States	100	USD 1	78,976	12,681	78,976
<b>Total</b>				<b>1,063,402</b>	<b>46,829</b>	<b>523,283</b>

\* Production start-up at the Block 47 in Yemen remains on hold due to force majeure.

\*\* See Note 25 in the consolidated accounts. The figures above include the respective subgroup's equity and any excess values recognized by the Group.

In 2022, the book value of shares in subsidiaries was partially written off by USD 146.5 million mainly related to DNO North Sea plc.

Equity and profit/loss for the subsidiaries in the table above are presented as reported for consolidation purposes. Statutory accounts for the subsidiaries are finalized after the release of the parent company accounts.

## Note 9

## Other receivables

USD thousand	Years ended 31 December	
	2023	2022
Prepayments and accrued income	5,908	2,549
Other short-term receivables	568	962
<b>Other receivables</b>	<b>6,476</b>	<b>3,511</b>

## Note 10

## Cash and cash equivalents

USD thousand	Years ended 31 December	
	2023	2022
Cash and cash equivalents, restricted	2,187	2,153
Cash and cash equivalents, non-restricted	458,975	638,854
<b>Total cash and cash equivalents</b>	<b>461,162</b>	<b>641,007</b>

Restricted cash relates to employees' tax withholdings and deposits for rent.

Non-restricted cash is mainly related to bank deposits in USD as of 31 December 2023.

Included in the non-restricted cash and cash equivalents as of 31 December 2023 is USD 41.2 million held on fixed interest time contracts with different duration and maturity dates up to 26 January 2024.

## Note 11

## Equity

USD thousand	Share capital registered	Treasury shares	Total share capital	Share premium	Retained earnings	Total equity
Shareholders' equity as of 1 January 2022	32,936	-	32,936	247,743	37,809	318,487
Purchase of treasury shares	-	-869	-869	-	-41,837	-42,706
Share capital increase	1,841	-	1,841	95,877	-	97,718
Dividend	-	-	-	-	-49,951	-49,951
Additional dividend	-	-	-	-	-25,259	-25,259
Profit/-loss for the year	-	-	-	-	342,508	342,508
<b>Shareholders' equity as of 31 December 2022</b>	<b>34,777</b>	<b>-869</b>	<b>33,908</b>	<b>343,620</b>	<b>263,270</b>	<b>640,797</b>
Shareholders' equity as of 1 January 2023	34,777	-869	33,908	343,620	263,270	640,797
Purchase of treasury shares	-	-1,050	-1,050	-	-49,546	-50,596
Dividend	-	-	-	-	-66,133	-66,133
Additional dividend	-	-	-	-	-23,089	-23,089
Profit/-loss	-	-	-	-	86,701	86,701
Cancellation of treasury shares	-1,919	1,919	-	-	-	-
<b>Shareholders' equity as of 31 December 2023</b>	<b>32,858</b>	<b>-0</b>	<b>32,858</b>	<b>343,620</b>	<b>211,202</b>	<b>587,680</b>

See Note 16 in the consolidated accounts for further information regarding the Company's equity and shareholders.

During 2023, the Board of Directors approved three dividend distributions of NOK 0.25 per share, each. The dividends were paid in June, August and November 2023. On 8 February 2024, the Company announced that pursuant to the authorization granted at the 2023 AGM, the Board of Directors has approved a dividend payment of NOK 0.25 per share which was made on 26 February 2024. The Company has made an accrual for this dividend in the parent company accounts at yearend 2023.

**Note 12****Guarantees, leasing liabilities and commitments**

See Note 23 in the consolidated accounts for information regarding other guarantees and commitments.

The Company's future minimum lease payments under non-cancellable operating leases are related to office rent. The lease period expires on 31 December 2031 and the yearly rent is USD 2.2 million.

**Note 13****Interest-bearing liabilities**

USD thousand	Ticker OSE	Facility currency	Facility amount	Interest (percent)	Maturity	Effective interest rate (percent)	Fair value		Carrying amount	
							2023	2022	2023	2022
<b>Non-current</b>										
Bond loan (ISIN NO0010852643)	DNO03	USD	131,162	8.375	29.05.24	9.0	-	131,507		131,162
Bond loan (ISIN NO0011088593)	DNO04	USD	400,000	7.875	09.09.26	8.8	378,140	375,816	400,000	400,000
Capitalized borrowing issue costs									-6,819	-9,761
<b>Total non-current interest-bearing liabilities</b>							<b>378,140</b>	<b>507,323</b>	<b>393,181</b>	<b>521,401</b>
<b>Current</b>										
Bond loan (ISIN NO0010852643)	DNO03	USD	131,162	8.375	29.05.24	9.0	130,895	-	131,162	-
<b>Total current interest-bearing liabilities</b>							<b>130,895</b>	<b>-</b>	<b>131,162</b>	<b>-</b>
<b>Total interest-bearing liabilities</b>							<b>509,035</b>	<b>507,323</b>	<b>524,343</b>	<b>521,401</b>

See Note 17 in the consolidated accounts for further information on interest-bearing liabilities.

**Note 14****Current liabilities**

USD thousand	Years ended 31 December	
	2023	2022
Trade payables	1,986	3,255
Public duties payable	2,007	1,794
Accrued expenses and other current liabilities	11,300	13,412
<b>Trade payables and provisions for other liabilities and charges</b>	<b>15,293</b>	<b>18,461</b>

Accrued expenses and other current liabilities include accrued interest for bond loans of USD 2.8 million (USD 2.8 million in 2022) and accruals for incurred costs of USD 8.5 million (USD 9.5 million in 2022).

**Note 15****Financial instruments**

See Note 22 in the consolidated accounts for information on financial instruments.

**Note 16****Related party disclosure**

Overhead expenses and IT-services in the parent company are allocated to the subsidiaries based on their proportional use of the services provided by the parent company.

See Note 19 for intercompany transactions and balances at yearend.

**Note 17****Significant events after the reporting date**

See Note 23 and Note 28 in the consolidated accounts for information on contingencies and events after the balance sheet date.

**Note 18****Earnings per share**

USD thousand	1 January - 31 December	
	2023	2022
Net profit/-loss attributable to ordinary equity holders of the parent	86,701	342,508
Weighted average number of ordinary shares (excluding treasury shares) (millions)	980.04	986.97
Earnings per share, basic (USD per share)	0.09	0.35
Earnings per share, diluted (USD per share)	0.09	0.35

## Note 19

## Intercompany

## Long-term intercompany receivables/liabilities

USD thousand	Functional currency	Years ended 31 December			
		Receivables		Liabilities	
		2023	2022	2023	2022
DNO Iraq AS	USD	61,586	-	-	76,115
DNO Mena AS	USD	2,684	2,503	-	-
DNO Norge AS	NOK	10,823	-	-	-
DNO North Sea plc	USD	83,514	83,580	-	-
DNO Oman Block 8 Limited	USD	-	-	-	4,852
DNO Technical Services AS	USD	306	-	-	-
<b>Total long-term intercompany receivables and liabilities</b>		<b>158,913</b>	<b>86,081</b>	<b>-</b>	<b>80,967</b>

Except for loans to companies with exploration activities, the intercompany receivables and liabilities are interest bearing. The intercompany interest rates used by DNO ASA and its subsidiaries are set at arm's length.

## Short-term intercompany receivables/liabilities

USD thousand	Functional currency	Years ended 31 December			
		Receivables		Liabilities	
		2023	2022	2023	2022
DNO Iraq AS	USD	3,665	3,658	-	-
DNO Mena AS	USD	98	73	-	-
DNO Norge AS	USD / NOK	437	2,461	-	-
DNO North Sea Plc	GBP	2,109	1,967	-	-
DNO North Sea (U.K.) Limited	GBP	19	3	-	-
DNO Technical Services AS	USD	-	1,423	896	-
DNO Oman Block 8 Limited	USD	222	188	5,248	-
Other	USD	11	-	-	-
<b>Total Short-term intercompany receivables and liabilities</b>		<b>6,586</b>	<b>9,772</b>	<b>6,144</b>	<b>-</b>

## Intercompany sales/purchases

USD thousand	Functional currency	1 January - 31 December			
		Sales		Purchases	
		2023	2022	2023	2022
DNO Iraq AS	USD	9,140	8,659	-	-91
DNO Norge AS	USD	3,139	3,235	-1,864	-1,616
DNO North Sea plc	USD	276	501	-	-
DNO North Sea (U.K.) Limited	USD	29	25	-	-
DNO North Sea (ROGB) Limited	USD	12	70	-	-
DNO Oman Limited	USD	5	26	-	-
DNO Oman Block 8 Limited	USD	27	42	-	-
DNO Technical Services AS	USD	12,120	14,741	-2,936	-3,033
DNO Yemen AS	USD	207	107	-	-
Other	USD	75	43	-	-
<b>Total intercompany sales/purchases</b>		<b>25,029</b>	<b>27,447</b>	<b>-4,800</b>	<b>-4,742</b>

The Company's other related parties consist of other subsidiaries in the Group. The Company sells and purchases services to and from its subsidiaries.

## Intercompany interest income/-expense, dividend and group contribution

USD thousand	Functional currency	1 January - 31 December			
		Interest income, dividend and group contribution		Interest expense	
		2023	2022	2023	2022
DNO Technical Services AS	USD	306	-	-	-
DNO Iraq AS	USD	142,078	555,590	-1,648	-12,595
DNO North Sea Plc	USD	-	-	-459	-
DNO Mena AS	USD	193	1,058	-	-
DNO North Sea (Norge) AS	USD	10,255	107	-	-
DNO North Sea Plc	USD	8,554	5,943	-	-
DNO Oman Block 8 Limited	USD	-	-	-	-511
Mondoil Enterprises LLC	USD	-	-	-	-
<b>Total intercompany interest income/-expense</b>		<b>161,386</b>	<b>562,698</b>	<b>-2,107</b>	<b>-13,106</b>

See Note 5 for more details on financial items.

## Country-by-Country report 2023

In line with the Norwegian Accounting Act and Norwegian Securities Trading Act, the Company has prepared a country-by-country report for its activities in the extractive industries, including information on investments, revenue, production, cost and the number of employees in each country of operation by subsidiary. Among other requirements, total payments to governmental bodies during the financial year must be broken down by country and by payment type.

Additional information regarding the Group's performance in each geographic area can be found in Note 2 of the DNO ASA's Annual Report and Accounts 2023. A complete list of the Group's oil and gas license portfolio is disclosed in Note 27.

(USD million) License, legal entity level and country/region of operation <sup>1</sup>	Country of incorporation <sup>2</sup>	Royalty <sup>3</sup>	Net production <sup>4</sup>	Corporate income tax <sup>5</sup>	Special tax <sup>6</sup>	Area fee <sup>7</sup>	Contract- ual bonuses <sup>8</sup>	Invest- ments <sup>9</sup>	Revenue <sup>10</sup>	Expend- iture <sup>11</sup>	Net inter- com- pany interest <sup>12</sup>	Profit/ -loss before tax <sup>10</sup>	Tax income/- expense <sup>13</sup>	Equity <sup>10</sup>	Number of employees <sup>14</sup>
Tawke		-83.3	34,707	-	-336.5	-	-	-	-	-	-	-	-	-	-
Baeshiq		-0.6	143	-	-1.3	-	-	-	-	-	-	-	-	-	-
DNO Iraq AS	Norway	-	-	-	-	-	-	72.2	253.2	-200.8	-	2.2	-	871.1	-
<b>Total Kurdistan region of Iraq</b>		<b>-83.9</b>	<b>34,850</b>	<b>-</b>	<b>-337.9</b>	<b>-</b>	<b>-</b>	<b>72.2</b>	<b>253.2</b>	<b>-200.8</b>	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>871.1</b>	<b>819</b>
DNO Norge AS	Norway	-	13,926	-40.2	-75.6	-1.1	-	224.5	406.1	-197.5	-0.4	179.8	-141.5	226.9	-
<b>Total Norway (NCS)</b>		<b>-</b>	<b>13,926</b>	<b>-40.2</b>	<b>-75.6</b>	<b>-1.1</b>	<b>-</b>	<b>224.5</b>	<b>406.1</b>	<b>-197.5</b>	<b>-0.4</b>	<b>179.8</b>	<b>-141.5</b>	<b>226.9</b>	<b>122</b>
DNO North Sea (U.K.) Limited	UK	-	206	-	-	-	-	-1.5	2.9	-5.0	-	3.2	-	-245.2	-
DNO North Sea (ROGB) Limited	UK	-	71	16.3	10.9	-	-	-0.6	5.4	-4.2	-	-0.6	-	-85.0	-
DNO Exploration UK Limited	UK	-	-	-	-	-	-	-	-	-0.2	-	-0.2	-	-1.5	-
<b>Total United Kingdom (UKCS)</b>		<b>-</b>	<b>277</b>	<b>16.3</b>	<b>10.9</b>	<b>-</b>	<b>-</b>	<b>-2.2</b>	<b>8.2</b>	<b>-9.4</b>	<b>-</b>	<b>2.4</b>	<b>-</b>	<b>-331.8</b>	<b>-</b>
DNO Yemen AS	Norway	-	-	-	-	-	-	-	-	-8.1	-	-8.1	-	-70.7	-
<b>Total Yemen</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-8.1</b>	<b>-</b>	<b>-8.1</b>	<b>-</b>	<b>-70.7</b>	<b>2</b>
DNO Mena AS	Norway	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
DNO ASA	Norway	-	-	-	-	-	-	9.2	25.0	-43.0	13.6	86.3	-	610.2	61
DNO Technical Services AS	Norway	-	-	-	-	-	-	-	34.2	-34.3	-	-	-	5.0	70
DNO North Sea plc	UK	-	-	-	-	-	-	-	-	-0.6	-8.1	-90.2	-	360.2	11
South Limited	Guernsey	-	-	-	-	-	-	-	-	-0.0	-	-0.0	-	-0.6	-
DNO Oman Block 8 Limited	Guernsey	-	-	-	-	-	-	-	0.0	-0.2	0.5	0.3	-	5.0	-
DNO UK Limited	UK	-	-	-	-	-	-	-	-	-0.0	-	-0.0	-	-0.1	-
Føroya Kolvetni P/F	UK	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DNO Oman Ltd	Guernsey	-	-	-	-	-	-	-	-	-0.0	-	-0.0	-	28.0	-
DNO North Sea (Norge) AS	Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Oman		-	-	-	-	-	-	-	-	-	-	-	-	-24.8	-
RAK tunisia		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mondoil	US	-	3,513	-	-	-	-	-	-	-0.0	-	12.7	-	97.9	-
Other *		-	3,513	-	-	-	-	-	-	-0.3	0.5	12.9	-	105.4	-
<b>Other *</b>		<b>-</b>	<b>3,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.2</b>	<b>59.3</b>	<b>-78.2</b>	<b>6.0</b>	<b>9.0</b>	<b>-</b>	<b>1,081.4</b>	<b>142</b>
<b>Eliminations/ Intercompany</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-59.3</b>	<b>52.0</b>	<b>-5.6</b>	<b>-34.0</b>	<b>8.8</b>	<b>-542.2</b>	<b>-</b>
<b>GRAND TOTAL</b>		<b>-83.9</b>	<b>52,566</b>	<b>-23.8</b>	<b>-402.6</b>	<b>-1.1</b>	<b>-</b>	<b>303.7</b>	<b>667.5</b>	<b>-442.0</b>	<b>-</b>	<b>151.3</b>	<b>-132.7</b>	<b>1,234.8</b>	<b>1,085</b>

\* Other includes subsidiaries of DNO ASA that did not hold oil and gas licenses during the year and equity accounted investments.

- 1 Country/region of operation is the country where the company carries out its main activity.
- 2 Country of incorporation is the jurisdiction in which the legal entity is registered.
- 3 Royalty is a fee payable to the Kurdistan Regional Government (KRG) before distribution of cost oil and profit oil.
- 4 Net production in barrels of oil equivalent per day (boepd).
- 5 Corporate tax received/-paid during the year. In Norway, corporate income tax relates to a tax refund of exploration costs and tax losses. In the UK, corporate income tax received relate to carry back of decommissioning loss.
- 6 Special tax received/-paid during the year. In Kurdistan, special tax represents Group's share of government take. In Norway, the special tax is an additional tax on petroleum activities. In the UK, special tax relates to carry back of decommissioning loss.
- 7 Area fee in Kurdistan and Norway.
- 8 Contractual bonuses include environment funds, training funds and rental fees in Kurdistan. In Norway, the amount is related to environmental fund (NOx fund).
- 9 Investments as presented in the consolidated financial statements and include estimate changes in asset retirement obligations.
- 10 Revenues, expenditure, profit/-loss before tax and equity at entity level in accordance with the accounting principles in the consolidated financial statements and include intercompany transactions. Audit of statutory financial statements has not been completed at the time of issuing this report.
- 11 Expenditure as presented in accordance with the accounting principles in the consolidated financial statements and includes cost of goods sold, administrative expenses, other operating expenses and exploration costs expensed including intercompany transactions.
- 12 Net intercompany interest income /-expense to/from Group companies incorporated in another jurisdiction.
- 13 Tax income/-expense for the year.
- 14 Number of employees at yearend.



# Auditor's report 2023



Statsautoriserte revisorer  
Ernst & Young AS  
Storforvet 7, 0155 Oslo  
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00  
www.ey.no  
Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DNO ASA

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of DNO ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise balance sheet as at 31 December 2023 and the income statement, cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise statements of financial position as at 31 December 2023, statement of comprehensive income, cash flow statements and statements of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 53 years from the election by the general meeting of the shareholders on 6 August 1971 for the accounting year 1971 (with at renewed election on June 2002).

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

A member firm of Ernst & Young Global Limited

Penneo document key: GOETS-SYEBL-0E50G-1QHEE-S3TDY-SPL2B

# Auditor's report 2023

2



opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

## Recoverable amount of Kurdistan Regional Government ("KRG") trade receivables

### *Basis for the key audit matter*

DNO has interests in two licenses in Kurdistan through Production Sharing Contracts ("PSCs") and has based its entitlement calculations on the terms of these PSCs. On March 25, 2023, the Iraq-Türkiye Pipeline ("ITP") was shutdown. Consequently, DNO announced an orderly shutdown of its production in Kurdistan on 29 March 2023. As of the reporting date, the ITP remains closed, but the production from the Tawke field is sold locally. As of 31 December 2023, the outstanding KRG trade receivables related mainly to past oil sales in 2022 and 2023 amounted to USD 315 million. These receivables are past due, but the Company expects full recovery, and has thus not recognized any allowance for expected credit loss. After adjusting for the time value effect of USD 44.3 million, the total book value of the KRG trade receivables is USD 267.3 million. Of the total receivables, USD 129.8 million is classified as non-current.

Management performed an assessment of recoverability of the notional outstanding amount including any expected credit loss and the estimated present value of future cash inflows. Key inputs applied in the calculation of the present value of these trade receivables included forecasted production and oil prices, and discount rate.

Because of the magnitude of the outstanding receivables as well as the significant judgement involved in management's estimation of net present value and if any expected credit loss should be recognized, we determined the valuation of the KRG trade receivables to be a key audit matter.

### *Our audit response*

As part of our audit procedures, we obtained an understanding about management's assessment of KRG's ability and willingness to repay the outstanding arrears entirely and whether there is any expected credit loss. We further assessed management's scenario based present value calculation. We evaluated management's present value calculation with assumed commencement of export sale, forecasted oil prices and applied discount rate. Further, we tested the mathematical accuracy of the model, including the time value effect. We assessed, based on relevant external information and internal historical information, KRGs ability and willingness to pay and settle the outstanding amount, including assessment of any expected credit loss risk. Moreover, we assessed the presentation and classification in the Consolidated statements of financial position.

Refer to the disclosures included in Note 3 Revenues, Note 14 Other non-current receivables/Trade and other receivables and Note 22 Financial Instruments.

Independent auditor's report - DNO ASA 2023

A member firm of Ernst & Young Global Limited

Pwncno document key: GOETS-SFEBL-0E506-1QMEF-S3TDTY-SPL2 B

# Auditor's report 2023



3

## Valuation of oil & gas assets and related goodwill

### *Basis for the key audit matter*

Property, plant & equipment, other intangible assets and related goodwill amount to USD 1,361.9 million as of 31 December 2023, of which USD 634.9 million relates to the North Sea segment, while the remaining balance relates mainly to the Kurdistan segment. During 2023, impairments of USD 24.9 million have been recognized related to the North Sea segment.

Oil and gas assets and related goodwill in the North Sea segment was initially recognized at fair value as part of a business combination in 2019. Management's updated assessment of key estimates during 2023 resulted in an upward revision of cost estimates related to decommissioning as well as changes in future commodity prices, reserves estimate and production profiles.

Further, uncertain political conditions may affect future production and cash flows from the Company's assets in Kurdistan (refer to KAM related to trade receivable). Management concluded that impairment indicators existed due to the political conditions in Kurdistan, and performed impairment testing. The estimated recoverable amounts were higher than the carrying amounts and thus no impairment charges were recognized. For the North Sea segment, due to goodwill booked on the assets, the assets were tested for impairment.

Because of the significant value of the oil and gas assets and the related goodwill, and the significant judgement and estimation uncertainty in the valuation, we have considered this a key audit matter.

### *Our audit response*

We evaluated the production volumes and capital expenditure used in the forecasted cash flows against external and internal reserve reports and we assessed commodity prices against available market information. Furthermore, we involved specialists in assessing management's estimated weighted average cost of capital including country risk premiums, and we compared the input against available market information.

Additionally, we evaluated the professional qualifications and objectivity of the external reserve experts used by management by among others conducting meetings with the experts. We also analyzed the sensitivity of key assumptions used in the valuation model and assessed historical accuracy of cash flows applied by management. We tested the mathematical accuracy of the valuation models.

Refer to the disclosures included in Note 9 Intangible assets, Note 10 Property, plant and equipment and Note 11 Impairment.

## Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Managing Director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

Independent auditor's report - DNO ASA 2023

A member firm of Ernst & Young Global Limited

Pernno document key: GUET5-SFEBL-0ES06-104EE-53TDY-SPL28



# Auditor's report 2023



4

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

## Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

Independent auditor's report - DNO ASA 2023

A member firm of Ernst & Young Global Limited

Pannoo document key: GOETS-SPEBL-08506-104EE-S3TDY-5PL2B

# Auditor's report 2023

5



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirement

### Report on compliance with regulation on European Single Electronic Format (ESEF)

#### *Opinion*

As part of the audit of the financial statements of DNO ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name DNO-ASA-2023-12-31-EN.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

#### *Management's responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Independent auditor's report - DNO ASA 2023

A member firm of Ernst & Young Global Limited

Pannoo document key: GOETS-SPEBL-08506-104EE-S3TD Y-SPL2B

# Auditor's report 2023



6

## *Auditor's responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 13 March 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Jon-Michael Grefsrød  
State Authorised Public Accountant (Norway)

Pannoo document key: G0E7S-SFE8L-0E50G-1Q-NEE-S3TD Y-SPL2 B

Independent auditor's report - DNO ASA 2023

A member firm of Ernst & Young Global Limited



# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Jon-Michael Grefsrød

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: UNENO-9578-5992-4-3016511

IP: 136.226.xxx.xxx

2024-03-13 20:10:32 UTC



Penneo Dokumentmøkket: G0ETS-SPEBL-0ES-06-1Q-4EE-53TDY-SPL28

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validator>

## EU Taxonomy 2023

The EU Taxonomy Regulation, which came into effect on 1 January 2023 in Norway, aims to promote environmentally sustainable economic activities within the European Economic Area (EEA) by providing a standardized framework for classifying activities as environmentally sustainable. The regulation sets specific criteria and thresholds that companies must meet to qualify their activities as environmentally sustainable. The report covers DNO ASA and its subsidiaries.

Key Performance Indicators (KPI) presented are derived from the figures reported in DNO's consolidated accounts prepared in accordance with IFRS as adopted by the EU.

The dominators of the financial KPIs can be reconciled with the consolidated accounts as follows:

Turnover corresponds to *Revenues*, see Note 3 to the consolidated accounts.

Capex corresponds to additions to *Property, plant and equipment* and *Intangible assets*, see Note 9 and Note 10 to the consolidated accounts. Additions to *Exploration assets* recognized in accordance with IFRS 6 are excluded as these are not mentioned in the EU Taxonomy Regulation.

Opex is narrowly defined in the EU Taxonomy Regulation and consists of maintenance, other direct expenditure related to day-to-day servicing of assets and short-term leases. These items are included in *Cost of goods sold* in the consolidated income statement.

## EU Taxonomy Eligibility and Alignment Assessment

An economic activity qualifies for taxonomy eligibility when it aligns with the activity description in the EU Taxonomy Regulation.

To determine eligible activities within DNO, we reviewed DNO's operations, products and sustainability initiatives, comparing them to the descriptions of economic activities outlined in the EU Taxonomy Regulation.

It was determined that the Company's activities, which are all related to the core activity of extracting and selling oil and gas, do not meet the eligibility criteria under the EU Taxonomy Regulation.

As DNO does not have any eligible activities, it does not have any activities that meet the alignment criteria under the EU Taxonomy Regulation.

## EU Taxonomy KPIs

USD million	Turnover		CAPEX		OPEX	
Taxonomy eligible but not taxonomy aligned activities	-	0%	-	0%	-	0%
Taxonomy aligned activities	-	0%	-	0%	-	0%
Taxonomy non-eligible activities	667.5	100%	181.9	100%	44.6	100%
<b>Total</b>	<b>667.5</b>	<b>100%</b>	<b>181.9</b>	<b>100%</b>	<b>44.6</b>	<b>100%</b>

# EU Taxonomy 2023

Disclosures in accordance with Annex II to the EU Taxonomy Regulation

Turnover	Code	Turnover USD mill	Proportion of turnover %	Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards Y/N	Taxonomy- aligned/eligible proportion of turnover in 2023 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water economy %	Circular economy %	Pollution %	Biodiversity %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity Y/N				
				Economic activities															
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
		-	-																
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
		-	-																
<b>Total (A.1 + A.2)</b>																			
		-	-																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities (B)																			
		667.5	100.0																
<b>Total (A + B)</b>																			
		667.5	100.0																

CAPEX	Code	CAPEX USD mill	Proportion of CAPEX %	Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards Y/N	Taxonomy- aligned/eligible proportion of CAPEX in 2023 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water economy %	Circular economy %	Pollution %	Biodiversity %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity Y/N				
				Economic activities															
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
		-	-																
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
		-	-																
<b>Total (A.1 + A.2)</b>																			
		-	-																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CAPEX of Taxonomy-non-eligible activities (B)																			
		181.9	100.0																
<b>Total (A + B)</b>																			
		181.9	100.0																

OPEX	Code	OPEX USD mill	Proportion of OPEX %	Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards Y/N	Taxonomy- aligned/eligible proportion of OPEX in 2023 %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water economy %	Circular economy %	Pollution %	Biodiversity %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity Y/N				
				Economic activities															
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
		-	-																
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
		-	-																
<b>Total (A.1 + A.2)</b>																			
		-	-																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OPEX of Taxonomy-non-eligible activities (B)																			
		44.6	100.0																
<b>Total (A + B)</b>																			
		44.6	100.0																

## 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). DNO 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	2023	2022
Revenues	667.5	1,377.0
Lifting costs	-191.7	-222.1
Tariffs and transportation	-32.4	-30.2
Movement in overlift/underlift	5.6	8.1
Share of profit/-loss from Joint Venture	11.9	6.0
Exploration expenses	-47.7	-96.5
Administrative expenses	-23.3	-17.9
Other operating income/expenses	-6.2	-5.0
<b>EBITDA</b>	<b>383.8</b>	<b>1,019.5</b>

### EBITDAX

USD million	2023	2022
EBITDA	383.8	1,019.5
Exploration expenses	47.7	96.5
<b>EBITDAX</b>	<b>431.5</b>	<b>1,116.0</b>

### Lifting costs

	2023	2022
Lifting costs (USD million)	-191.7	-222.1
Net production (MMboe)*	17.9	34.3
<b>Lifting costs (USD/boe)</b>	<b>10.7</b>	<b>6.5</b>

\* For accounting purposes, the net production from equity accounted investments is not included.

### Capital expenditures

USD million	2023	2022
Purchases of intangible assets	-114.6	-74.6
Purchases of tangible assets	-163.6	-300.2
<b>Capital expenditures*</b>	<b>-278.3</b>	<b>-374.8</b>

\* Exclude estimate changes on asset retirement obligations.

### Operational spend

USD million	2023	2022
Lifting costs	-191.7	-222.1
Tariff and transportation expenses	-32.4	-30.2
Exploration expenses	-47.7	-96.5
Exploration cost previously capitalized carried to cost (Note 6 in the consolidated accounts)	6.0	52.2
Capital expenditures	-278.3	-374.8
Payments for decommissioning	-17.9	-70.0
<b>Operational spend</b>	<b>-561.9</b>	<b>-741.4</b>

## Alternative performance measures

### Equity ratio

USD million	2023	2022
Equity	1,234.8	1,369.4
Total assets	2,638.3	2,803.0
<b>Equity ratio</b>	<b>46.8%</b>	<b>48.9%</b>

### Free cash flow

USD million	2023	2022
Net cash from/-used in operating activities*	194.1	1,056.3
Capital expenditures	-278.3	-374.8
Payments for decommissioning	-17.9	-70.0
Equity contribution into Joint Venture (Note 12)	-6.9	-4.2
Dividends from Joint Venture (Note 12)	27.1	11.5
<b>Free cash flow</b>	<b>-81.8</b>	<b>618.8</b>

### Net debt

USD million	2023	2022
Cash and cash equivalents	718.8	954.3
Bond loans and reserve based lending	566.2	566.2
<b>Net cash/-debt</b>	<b>152.7</b>	<b>388.2</b>

### Reserve Life Index (R/P)\*

	2023	2022
Net production (MMboe)	19.1	35.5
1P reserves	206.4	220.3
2P reserves	290.1	292.1
3P reserves	360.5	386.7
<b>1P Reserve Life Index (R/P in years)</b>	<b>10.8</b>	<b>6.2</b>
<b>2P Reserve Life Index (R/P in years)</b>	<b>15.2</b>	<b>8.3</b>
<b>3P Reserve Life Index (R/P in years)</b>	<b>18.8</b>	<b>10.9</b>

\* Net production and net reserves includes West Africa segment (equity accounted investment).

The net production and reserves from West Africa is accounted for effective from 1 January 2022.

### 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.

## Alternative performance measures

### 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. 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. 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 balance sheet date.

### Reserve Life Index

The Reserve Life Index measures the length of time it will take to deplete a resource at given production rates. The ratio is used to measure how long an oil and gas field will last, or more precisely how long the Group's oil and gas reserves will last, and is calculated by dividing the quantity of reserves by the production of petroleum from those reserves during the relevant period.



# Glossary and definitions

<b>AED</b> United Arab Emirates dirham	<b>D&amp;M</b> DeGolyer and MacNaughton	<b>IQD</b> Iraqi dinar
<b>AGM</b> Annual General Meeting	<b>DD&amp;A</b> Depreciation, depletion and amortization	<b>KRG</b> Kurdistan Regional Government
<b>ASRR</b> Annual Statement of Reserves and Resources	<b>DNO</b> DNO ASA and its consolidated subsidiaries	<b>Kurdistan</b> Kurdistan region of Iraq
<b>bbbls</b> Barrels of oil	<b>Group</b> The Company and its consolidated subsidiaries	<b>License or permit</b> Area of specified size licensed to a company by the government for production of oil or gas
<b>bcf</b> billion cubic feet	<b>E&amp;P</b> Exploration and production	<b>MMbbls</b> Million barrels of oil
<b>Board of Directors</b> The Board of Directors of the Company	<b>EBITDA</b> Earnings before interest, tax, depreciation and amortization	<b>MMboe</b> Million barrels of oil equivalent
<b>boe</b> Barrels of oil equivalent	<b>EBITDAX</b> Earnings before interest, tax, depreciation, amortization and exploration expenses	<b>NCS</b> Norwegian Continental Shelf
<b>bopd or boepd</b> Barrels of oil per day or barrels of oil equivalent per day	<b>ESMA</b> European Securities and Markets Authority	<b>Net entitlement</b> The portion of future production (and thus resources) legally accruing to a contractor under the terms of the development and production contract
<b>CAPM</b> Capital Asset Pricing Model	<b>EU</b> The European Union	<b>Net entitlement reserves</b> Reserves based on net entitlement production
<b>Company</b> DNO ASA	<b>EUR</b> Euros	<b>Net production</b> Production based on the participation interest in the license
<b>Contingent resources</b> Quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but not currently considered to be commercially recoverable or where a field development plan has not yet been submitted	<b>Farm-in</b> To acquire an interest in a license from another party	<b>Net reserves and resources</b> Reserves and resources based on the participation interest in the license
<b>Contractor</b> A company or companies operating in a country under a PSC on behalf of the host government for which it receives either a share of production or a fee	<b>Farm-out</b> To assign an interest in a license to another party	<b>NOK</b> Norwegian kroner
<b>Cost oil</b> Share of oil produced which is applied to the recovery of costs under a Production Sharing Contract	<b>Faroe</b> Faroe Petroleum plc	<b>Norwegian Public Limited Liability Companies Act</b> The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 ("allmennaksjeloven")
<b>Crude oil, crude or oil</b> A mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated	<b>Gas</b> A mixture of light hydrocarbons that exist either in the gaseous phase or in solution in crude oil in reservoirs but are gaseous at atmospheric conditions	<b>Operator</b> A company responsible for managing an exploration, development, or production operation
<b>DKK</b> Danish kroner	<b>GBP</b> Pound sterling	<b>Oslo Stock Exchange</b> Oslo Børs ASA
	<b>HSSE</b> Health, safety, security and environment	<b>Petroleum</b> A complex mixture of naturally occurring hydrocarbon compounds found in rocks.
	<b>Hydrocarbons</b> Compounds containing only the elements of hydrogen and carbon, which may exist as solid, liquid or gas	
	<b>IAS/IFRS</b> International Financial Reporting Standards	

# Glossary and definitions

**PP&E**

Property, plant and equipment

**Profit oil**

Production remaining after royalty and cost oil, which is split between the government and the contractors under a Production Sharing Contract

**PSC**

A Production Sharing Contract or a PSC is an agreement between a contractor and a host government, whereby the contractor bears all risk and cost for exploration, development and production in return for a stipulated share of production

**Royalty**

Royalty refers to payments that are due to the host government or mineral owner in return for depletion of the reservoirs and the producer contractor for having access to the petroleum resources

**RPS**

RPS Energy Consultants

**SPE**

Society of Petroleum Engineers

**UAE**

The United Arab Emirates

**UK**

The United Kingdom

**UKCS**

The United Kingdom Continental Shelf

**USD**

United States dollar

**WACC**

Weighted Average Cost of Capital

**DNO ASA**

DOKKVEIEN 1 / AKER BRYGGE / 0250 OSLO / NORWAY / PHONE + 47 23 23 84 80 / FAX +47 23 23 84 81/ [www.dno.no](http://www.dno.no)

