

DNO ASA

2023 REMUNERATION REPORT

1. Introduction

This remuneration report (the "Report") provides an overview of remuneration of leading personnel in DNO ASA¹ for 2023. The Report is based on the Company's remuneration guidelines that was approved by shareholders at the Annual General Meeting on 25 May 2023 (the "Remuneration Guidelines"), published on the Company's website.

The main purpose of the Company's remuneration policy is to contribute to the implementation of the Company's overall business strategy in order to achieve the Company's long-term objectives and maximize value creation for the Company and its shareholders by attracting, retaining and motivating highly qualified employees.

This Report complies with the requirements under sections 6-16a and 6-16b of the Norwegian Public Limited Liability Companies Act (the "Companies Act").

The Report is available on the Company's website for ten years from the time of publishing.

2. Overview of financial year 2023

In a year marked by North Sea exploration success and Kurdistan export shutdown, DNO 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 and payment terms and conditions for any future oil exports, which in turn will drive investments in wells.

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.

¹ DNO ASA and the companies in which it directly or indirectly owns are separate and distinct entities. However, in this report, the terms "DNO" and "Company" 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.

3. Remuneration of the Board of Directors

The members of the Board of Directors of the Company (the "Board") receive remuneration as Board directors and as members of established Board committees. The general meeting approves the remuneration of the Board and the Board committees based on proposals presented by the Nomination Committee. The remuneration will normally be approved on an annual basis by the annual general meeting.

The remuneration of the Board members for financial year 2023 was based on the Remuneration Guidelines.

Board remuneration in 2023 and 2022:

Table 1a below provides information of total remuneration of each individual Board director and includes remuneration related to work undertaken in various Board committees.

Remuneration to the Board of Directors (USD thousand)		Fixed remuneration			Total	Proportion variable remuneration
Name, Title	Year	Fixed board remuneration	Other benefits	Remuneration for committee work		
Bijan Mossavar-Rahmani, Executive Chairman	2023	1,117	200	10	1,327	15%
	2022	910		10	920	0%
Gunnar Hirsti, Deputy Chairman ⁽¹⁾	2023	69	12	14	95	13%
	2022	59		13	72	0%
Elin Karfjell, Director	2023	58	10	7	75	14%
	2022	53		6	59	0%
Anita Marie Hjerkin Aarnæs, Director ⁽²⁾	2023	58	10	7	75	14%
	2022	33		5	38	0%
Najmedin Meshkati, Director ⁽³⁾	2023	36		4	40	0%
	2022	0		0	0	0%
Lars Arne Takla, former Deputy Chairman ⁽⁴⁾	2023	0		2	2	0%
	2022	24		2	26	0%
Shelley Watson, former Director ⁽⁵⁾	2023	0		0	0	0%
	2022	48		12	60	0%
Total	2023	1,337	233	44	1,614	14%
	2022	1,127	0	48	1,175	0%

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 column "Other benefits" relates to an extraordinary cash remuneration that was approved by shareholders at the Annual General Meeting on 25 May 2023.

(1) Deputy Chairman from June 2022.

(2) Board director and member of the HSSE committee from June 2022.

(3) Board director and member of the HSSE committee from June 2023.

(4) Former Deputy Chairman and member of the HSSE (until May 2022) and Nomination (until May 2023) committees.

(5) Former Board director and member of the audit and HSSE committees until November 2022.

Comparative information on the change of remuneration:

Table 1b below provides comparative information on the change of remuneration for each individual Board director over the five most recent financial year.

Increase/- decrease in total remuneration received from previous year (USD thousand and percentage)										
Name, Title,	2019		2020		2021		2022		2023	
	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %
Bijan Mossavar-Rahmani, Executive Chairman	-28	-3%	-53	-6%	72	9%	87	10%	407	44%
Gunnar Hirsti, Deputy Chairman	-2	-3%	-4	-6%	6	10%	7	10%	23	32%
Elin Karfjell, Director	-2	-4%	-4	-7%	5	9%	0	0%	16	27%
Anita Marie Hjerkin Aarnæs, Director							35	-	37	96%
Najmedin Meshkati, Director									40	-
Lars Arne Takla, former Deputy Chairman	-2	-3%	-4	-6%	6	9%	-44	-63%	-24	-94%
Shelley Watson, former Director	-2	-4%	-4	-7%	12	22%	-6	-9%	-60	-100%

General note: The Board remuneration to the Executive Chairman is nominated in USD, while the remuneration to the other Board directors is nominated in NOK and has been converted to USD using the average exchange rate for the year (2023 average: USD/NOK 10.5635). See also specific comments above.

Synthetic shares to Bord of Directors:

Table 1c below provides information of synthetic share awards from 2020 and number of synthetic shares owned as of 31 December 2023 for each individual of the Bord of Directors.

Synthetic shares						
Name, Title, Synthetic shares owned as of 31 December 2023		Award 2020	Award 2021	Award 2022	Award 2023	Unrestricted
Bijan Mossavar-Rahmani, Executive Chairman 347,156 Synthetic Shares	Number of shares	0	0	0	347,156	0
	Value at vesting (TNOK)	Not appl.	Not appl.	Not appl.	Not vested	Not appl.
Gunnar Hirsti, Deputy Chairman 20,693 Synthetic Shares	Number of shares	0	0	0	20,693	0
	Value at vesting (TNOK)	Not appl.	Not appl.	Not appl.	Not vested	Not appl.
Anita Marie Hjerkin Aarnæs, Director 17,262 Synthetic Shares	Number of shares	0	0	0	17,262	0
	Value at vesting (TNOK)	Not appl.	Not appl.	Not appl.	Not vested	Not appl.
Elin Karfjell, Director 17,262 Synthetic Shares	Number of shares	0	0	0	17,262	0
	Value at vesting (TNOK)	Not appl.	Not appl.	Not appl.	Not vested	Not appl.
Najmedin Meshkati, Director 20,693 Synthetic Shares	Number of shares	0	0	0	20,693	
	Value at vesting (TNOK)	Not appl.	Not appl.	Not appl.	Not vested	Not appl.
423,066 Shares		0	0	0	423,066	0
Award dates					5/25/2023	

4. Remuneration of Executive Management

The remuneration to Executive Management may consist of a fixed cash remuneration, variable cash remuneration, synthetic share scheme and pension benefits and other benefits and programs.

The remuneration of the Company's Executive Management, including the Managing Director, for financial year 2023 was based on the Remuneration Guidelines.

Remuneration of Executive Management in 2023 and 2022:

Table 2a below provides information of total remuneration of each individual leading person split by various components.

Remuneration to Executive Management (USD thousand)		Fixed remuneration			Variable remuneration		Total	Proportion variable remuneration
Name, Title	Year	Base Salary	Other benefits	Pension expense	One-year variable bonus	Synthetic shares		
Chris Spencer, Managing Director	2023	583	74	19	157	334	1,166	42%
	2022	579	83	20	68	152	902	24%
Haakon Sandborg, Chief Financial Officer	2023	410	47	19	114	237	828	42%
	2022	426	44	20	33	67	591	17%
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	2023	405	47	19	114	237	821	43%
	2022	378	68	20	37	68	571	18%
Sameh Hanna, General Manager Kurdistan region of Iraq	2023	483	161	-	62	-	707	9%
	2022	193	67	-	-	-	261	0%
Ørjan Gjerde, General Manager DNO North Sea	2023	395	47	19	111	-	572	19%
	2022	417	36	20	16	-	488	3%
Total	2023	2,275	376	78	557	808	4,093	33%
	2022	1,994	298	79	155	287	2,813	16%

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).

Sameh Hanna was part of the Executive Management from August 2022.

Synthetic shares in the table above reflect synthetic shares that vested during the financial year. Other benefits include the pension share which exceeds the maximum legally allowable pension contribution.

Comparative information on the change of remuneration and Company performance:

Table 2b below provides comparative information on the change of remuneration for current Executive Management and former members of the Executive Management (shown as "Other") over the five most recent financial years compared to selected Company performance measures and average remuneration for employees in the Company.

Increase/- decrease in total remuneration received from previous year (USD thousand and percentage)										
Name, Title,	2019		2020		2021		2022		2023	
	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %
Chris Spencer, Managing Director	29	5%	86	14%	50	7%	156	21%	264	29%
Haakon Sandborg, Chief Financial Officer	-76	-12%	76	14%	-41	-7%	-2	0%	237	40%
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	0	0%	191	89%	25	6%	142	33%	250	44%
Sameh Hanna, General Manager Kurdistan region of Iraq	0	0%	0	0%	0	0%	0	0%	446	171%
Ørjan Gjerde, General Manager DNO North Sea	0	0%	83	20%	65	13%	-73	-13%	83	17%
Other ⁽¹⁾	131	4%	168	5%	242	7%	969	38%	1,264	71%
Company performance:										
Total revenues (USD million)	142	17%	-357	-37%	389	63%	373	37%	-710	-52%
EBITDA (USD million)	-89	-14%	-227	-41%	284	88%	413	68%	-636	-62%
Net production (kboepd)	23	27%	-10	-9%	-6	-6%	3	3%	-45	-46%
Average remuneration on a full-time equivalent basis of employees (USD thousand and percentage):										
	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %
Employees of DNO ASA (excl. Executive Management) ⁽²⁾	-34	-13%	-55	-24%	106	62%	64	23%	-55	-16%

The remuneration for all members of Executive Management is nominated in NOK, except for the remuneration to Sameh Hanna which was in AED. The remuneration in NOK and AED has been converted to USD using the yearly average exchange rate for the relevant year (2023 average: USD/NOK 10.5635 and USD/AED 3.671).

Comments on increase or decrease in total remuneration prior to reporting year are described in the 2022 remuneration report. Increase/decrease in remuneration compared to last year is shown in the table 2a above.

(1) The amount shown as other include at each yearend former members of the Executive Management who have been part of the Executive Management during the relevant year but are not a part of the Executive Management at the date of issuing this report. See table 2a above.

(2) Calculation of average remuneration on a full-time equivalent (FTE) basis of employees (excluding Executive Management) is based on note 3 of the DNO Annual Report and Accounts 2023, parent company accounts (total reported payroll note 3 excluding remuneration to Executive Management divided by total FTE excluding Executive Management).

Synthetic shares to Executive Management:

Table 2c below provides information of synthetic share awards from 2020 and number of synthetic shares owned as of 31 December 2023 for each individual of the Executive Management.

Synthetic shares						
Name, Title, Synthetic shares owned as of 31 December 2023		Award 2020	Award 2021	Award 2022	Award 2023	Unrestricted
Chris Spencer Managing Director 1,558,831 Shares	Number of shares	478,752	0	1,095,215	551,634	317,206
	Value at vesting (TNOK)	5,533	Not appl.	Not vested	Not vested	Not appl.
Haakon Sandborg Chief Financial Officer 876,996 Shares	Number of shares	59,193	146,354	774,786	179,234	38,974
	Value at vesting (TNOK)	632	Not vested	Not vested	Not vested	Not appl.
Geir Arne Skau Chief Human Resources and Corporate Services Officer 678,859 Shares	Number of shares	59,597	0	768,600	162,977	5,887
	Value at vesting (TNOK)	637	Not appl.	Not vested	Not vested	Not appl.
Sameh Hanna General Manager Kurdistan region of Iraq 254,707 Shares	Number of shares	0	0	0	254,707	0
	Value at vesting (TNOK)	Not appl.	Not appl.	Not appl.	Not vested	Not appl.
Ørjan Gjerde General Manager DNO North Sea 112,943 Shares	Number of shares	0	0	11,696	101,247	0
	Value at vesting (TNOK)	Not appl.	Not appl.	114,855	994,246	Not appl.
3,482,336 Shares		597,542	146,354	2,650,297	1,249,799	362,067
Award dates		09-12-2020 20-02-2020 09-02-2020	5/20/2021	27-05-2022 09-03-2022	16-10-2023 10-10-2023 10-03-2023	

The value of synthetic shares is shown in NOK thousand and is calculated based on awarded synthetic shares (excluding any dividend shares) multiplied by the Company's share price at vesting date, regardless of when these are settled.

5. Use of the right to reclaim remuneration

The Company may demand variable cash salary refunded to the same extent it may demand fixed cash salary refunded following expiry of the employment, typically in the event of erroneous payments or breach of contractual obligations. No remuneration has been reclaimed.

Auditor's assurance report 2023



Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 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 ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of DNO ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that DNO ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company 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. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's assurance report 2023



2

Oslo, 13 March 2024
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Penneo document key: 50867-XGP33-INZEI-Z05DF-Z1 WUP-33QON

Auditor's assurance report 2023

PENNEO

Signaturene i dette dokument 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: UN:NO-9578-5992-4-3016511

IP: 136.226.xxx.xxx

2024-03-13 19:28:59 UTC

bankID 

Penneo Dokumentnøkkel: 501667-XGP33-INZEI-203DF-Z1WUJA-3300N

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>