Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	913 905 881
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	DNO NORGE AS
Forretningsadresse:	Badehusgata 37 4014 STAVANGER

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Elisabeth Femsteinevik
Dato for fastsettelse av årsregnskapet:	19.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 23.07.2025

Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Revenues	3	4 273 428 000	5 371 967 000
Net gain on disposal	9	3 201 000	0
Sum inntekter		**4 276 629 000**	**5 371 967 000**
Kostnader			
Cost of goods sold	4,9	1 486 454 000	1 897 479 000
Payroll expenses	6	139 551 000	90 743 000
Depreciation non oil & gas assets	9	19 034 000	16 159 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8,9	285 096 000	2 475 263 000
General and administrative expenses	7	59 676 000	68 824 000
Exploration expenses	5,8	396 570 000	633 283 000
Sum kostnader		**2 386 381 000**	**5 181 751 000**
Driftsresultat		**1 890 248 000**	**190 216 000**
Finansinntekter og finanskostnader			
Financial income	10	144 402 000	69 821 000
Sum finansinntekter		**144 402 000**	**69 821 000**
Financial expenses	10	173 438 000	209 346 000
Sum finanskostnader		**173 438 000**	**209 346 000**
Netto finans		**-29 036 000**	**-139 525 000**
Ordinært resultat før skattekostnad		**1 861 212 000**	**50 691 000**
Tax income/-expense	11	1 468 163 000	14 290 000
Ordinært resultat etter skattekostnad		**393 049 000**	**36 401 000**
Årsresultat		**393 049 000**	**36 401 000**
Overføringer og disponeringer			
Tilleggsutbytte			-300 000 000
Avgitt konsernbidrag		-85 874 000	
Udekket tap		393 049 000	36 401 000

Resultatregnskap

Beløp i: NOK	Note	2023	2022
Distibuted dividend			300 000 000
Distributed group contribution		85 874 000	
Sum overføringer og disponeringer		**393 049 000**	**36 401 000**

Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	11	0	150 170 000
Goodwill	8	369 314 000	486 596 000
E&A and other intangible assets	8	1 896 356 000	752 955 000
Sum immaterielle eiendeler		**2 265 670 000**	**1 389 721 000**
Varige driftsmidler			
Property, plant and equipment	9	3 238 100 000	2 631 269 000
Sum varige driftsmidler		**3 238 100 000**	**2 631 269 000**
Sum anleggsmidler		**5 503 770 000**	**4 020 990 000**
Omløpsmidler			
Varer			
Fordringer			
Trade receivables and other current assets	12	1 159 699 000	1 220 316 000
Sum fordringer		**1 159 699 000**	**1 220 316 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	1 881 926 000	2 148 342 000
Sum bankinnskudd, kontanter og lignende		**1 881 926 000**	**2 148 342 000**
Sum omløpsmidler		**3 041 625 000**	**3 368 658 000**
SUM EIENDELER		**8 545 395 000**	**7 389 648 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	152 702 000	152 702 000
Overkurs		5 943 706 000	5 943 706 000

Balanse

Beløp i: NOK	Note	2023	2022
Sum innskutt egenkapital		**6 096 408 000**	**6 096 408 000**
Opptjent egenkapital			
Retained earnings		-3 791 809 000	-4 098 985 000
Sum opptjent egenkapital		**-3 791 809 000**	**-4 098 985 000**
Sum egenkapital		**2 304 599 000**	**1 997 423 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	1 236 232 000	0
Lease liabilities	17	28 584 000	43 284 000
Provisions for other liabilities and charges	17	2 986 275 000	2 676 112 000
Sum avsetninger for forpliktelser		**4 251 091 000**	**2 719 396 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	0	261 917 000
Langsiktig konserngjeld	18	110 095 000	0
Sum annen langsiktig gjeld		**110 095 000**	**261 917 000**
Sum langsiktig gjeld		**4 361 186 000**	**2 981 313 000**
Kortsiktig gjeld			
Interest bearing liabilities to credit institutions	15	356 034 000	83 088 000
Income tax payable	11	70 564 000	1 239 493 000
Trade payables and other current liabilities	16	1 398 820 000	1 064 565 000
Current lease liabilities	17	16 352 000	15 244 000
Provisions for other liabilities and charges	17	37 840 000	8 522 000
Sum kortsiktig gjeld		**1 879 610 000**	**2 410 912 000**
Sum gjeld		**6 240 796 000**	**5 392 225 000**
SUM EGENKAPITAL OG GJELD		**8 545 395 000**	**7 389 648 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Geir Johannessen	15.04.2015	24.04.2015
Telefon	Deres referanse	Vår referanse
22 07 73 25/22 66 11 14	Jon Håkon Østhus	2015/377895

ERNST & YOUNG AS
Postboks 20 Oslo Atrium
0051 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 15. april 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk fra og med regnskapsåret som ble avsluttet 31. desember 2014 for følgende selskaper:

Origo Exploration AS, org.nr. 913 905 792
Origo Exploration Norway AS, org.nr. 913 905 881
Origo Exploration Holding AS, org.nr. 813 547 872

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering ovennevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk fra og med regnskapsåret 2014, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Selskapene ble etablert i 2014 av personer med lang erfaring fra leteaktivitet og produksjon i Norge og UK, og driver i dag letevirksomhet både i Norge og i UK (via datterselskap registrert i UK). Letevirksomheten ligger i Origo Exploration Norway AS, mens de to andre selskapene er en del av selskapsstrukturen i konsernet. Engelsk er det klart dominerende språket innen oljebransjen, og konsernets arbeidsspråk er engelsk. Styrene i selskapene har i hovedsak engelskspråklige medlemmer. Det er ingen forhold rundt selskapenes finansiering som skulle tilsi behov for regnskap på norsk, da selskapene ikke har vesentlig ekstern gjeld, med unntak av letefasilitet. Det er avtalt med bankene at dokumentasjon knyttet til denne letefasiliteten skal være på engelsk. Eierne av norsk konsernspiss består i hovedsak av utenlandske aktører.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene driver virksomhet innen en internasjonal bransje der alle vesentlige aktører behersker og benytter engelsk språk, og at arbeidsspråket i konsernet i stor grad er engelsk. Videre er det vektlagt at eierne til den norske konsernspissen i hovedsak er utenlandske aktører.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
Seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

DNO NORGE AS

ANNUAL REPORT 2023

Directors' Report

Financial Statements
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DIRECTORS' REPORT

THE BUSINESS

DNO Norge AS (DNO Norge or the Company) is engaged in oil and gas exploration, development and production activities on the Norwegian Continental Shelf (NCS). DNO Norge AS is a subsidiary of DNO North Sea plc with ultimate parent being DNO ASA.

GOING CONCERN

Pursuant to the Norwegian Accounting Act Section §3-3a, the Board of Directors ("the Board") confirms that the requirements of the going concern assumption are met and that the annual accounts have been prepared on that basis.

OPERATIONAL REVIEW

Activity overview
The Company has diversified production across ten fields in the NCS. During 2023, the Fenja field (DNO 7.5 percent) came on stream.

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 operated Trym field was readied for recommissioning in early 2024.

In early 2023, the Company 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 (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, the Company 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. Plan for development and production was submitted to the authorities 30 April 2024.

During the year, the Company drilled six 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.

Production
The Company achieved a net production of 13 926 barrels of oil equivalent per day (boepd) during 2023 (2022: 13 035 boepd).

Reserves
At yearend 2023, the Company held 73 licenses in Norway in various stages of exploration, development and production. Across its Norway portfolio and on a net basis, the Company's 1P reserves totalled 23.7 MMboe, 2P reserves stood at 34.8 MMboe, 3P reserves totalled 49.0 MMboe and 2C resources stood at 132 MMboe.

At yearend 2022, the Company held 68 licenses in Norway in various stages of exploration, development and production. Across its Norway portfolio and on a net basis, the Company's 1P reserves totalled 24.6 MMboe, 2P reserves stood at 35.6 MMboe, 3P reserves totalled 48.1 MMboe and 2C resources stood at 80 MMboe.

FINANCIAL REVIEW

Total revenues in 2023 stood at NOK 4 273.4 million, compared to NOK 5 372.0 million in 2022. The decrease in revenues were driven by lower realised commodity prices, partially offset by an increase in lifted crude volumes.

In 2023, the total cost of goods sold was NOK 1 486.5 million, compared to NOK 1 897.5 million in 2022. The decrease in cost of goods sold was primarily related to lower DD&A, due to the Ula area impairment in 2022.

The Company had an operating profit of NOK 1 890.2 million in 2023, compared to NOK 190.2 million in 2022. The increase in operating profit in 2023 was primarily driven by reduction in impairment costs in 2023 compared to 2022. The increase was partly offset by lower gross profit due to lower commodity prices.

The Company's total pre-tax impairment charges stood at NOK 285.1 million in 2023 (NOK 2 475.3 million in 2022). The 2022 impairments were mainly related to the full impairment of asset value in the Ula area.

Total expensed exploration costs for the year were NOK 396.6 million, compared to NOK 633.3 million in 2022. The decrease in expensed exploration costs was driven primarily by lower expensed drilling activity and seismic purchases.

Net financial expenses for 2023 stood at NOK 29.0 million, compared to NOK 139.5 million in 2022. The decrease is mainly driven by increase in interest income and decrease in interest expense.

Total acquisition and development, exploration and decommissioning spend stood at NOK 2 187.1 million in 2023, compared to NOK 1 380.3 million in 2022. The increase mainly relates to higher exploration drilling cost in 2023.

Net financing spend stood at NOK 16.9 million in 2023, compared to NOK 1 426.6 million in 2022. The decrease relates to partial repayment of outstanding loans under the reserve based lending facility, repayment of intercompany loans and a NOK 300 million dividend distributed in December 2022.

At yearend 2023, total assets stood at NOK 8 545.4 million, compared to NOK 7 389.7 million at yearend 2022. The increase in total assets was mainly due to investments in tangible and intangible oil & gas assets in 2023.

The Company ended the year with NOK 1 881.9 million in cash and NOK 466.1 million in net interest-bearing debt, compared to NOK 2 148.3 million and NOK 345.0 million at yearend 2022, respectively.

At yearend 2023, total liabilities stood at NOK 6 240.8 million, compared to NOK 5 392.2 million at yearend 2022. The increase in liabilities was mainly due to increase in asset retirement obligation and trade payables. The equity ratio stood at 27.0 percent at yearend 2023, the same as yearend 2022.

In 2023, the net cash and cash equivalents decreased by NOK 266.4 million. The decrease was primarily due to tax instalments related to 2022 and investment spend, offset by strong operational cashflow.

The tax expense for the year amounted to NOK 1 468.2 million (NOK 14.3 million in 2022) and the net profit for the year amounted to NOK 393.0 million (NOK 36.4 million in 2022).

The Board proposes that the net profit for the year is transferred to other equity.

RESEARCH AND DEVELOPMENT

The Company's target is to create value through generation of prospects, exploration, development and production on the Norwegian Continental Shelf. To achieve this target, the Company uses high technology and software and has set a goal to be a leading company in several key technologies. Technology within exploration, drilling, development and production undergoes a continuous development process, and the Company participates in several technology projects in connection with license work. The Company also participates in various research and development projects with both research institutions and universities ranging from short to long term projects.

HEALTH, SAFETY AND ENVIRONMENT

For activity where the Company is operator, no severe personal injuries, high potential incidents, nor incidents that have caused impact on the workforce external environment or assets, occurred in 2023. The majority of DNO Norge's activities are undertaken in licenses where other companies are operator, with DNO Norge as a non-operating partner. To ensure safe operations and to comply with the regulations, DNO Norge follows up on its operators, contractors and partners through our audit, review and verification activities. These activities are based on risk evaluations. There have been no serious incidents affecting personnel on partner operated activity during 2023.

To ensure continuous improvement, experiences from our operated and non-operated activities are systematically captured, as required, by our integrated Environment, Health and Safety Business Management System ('BMS') and implemented in work processes and procedures. An internal training program ensures familiarity with the BMS. The BMS is consistent with the internationally recognized requirements for Quality, Health, Safety and Environmental management (ISO 9001, OHSAS 18001 and ISO 14001). The BMS has been successfully verified for compliance with the OSPAR Recommendation 2003/5 (based on ISO14001:2015) for Environmental Management over several years, last in spring 2023. DNO is regularly audited and during 2023 two audits was completed by the Norwegian Safety Authorities (Havindustritilsynet) where no no-conformities were revealed.

The Norwegian Transparency Act, which entered into force in July 2022, requires the Company to report on how it ensures compliance with fundamental human rights and decent working conditions in its operations, in its supply chain and with its business partners. The ultimate parent company DNO ASA, on behalf of all subsidiaries in the Group, published and made available its Norwegian Transparency Act Statement 2022, approved by the DNO ASA Board of Directors on 30 June 2023.

OCCUPATIONAL HEALTH

The Company operates from modern offices in Stavanger. The Company has a Working Environment Committee (WEC) as required under the Norwegian Working Environment Act. The committee has an important role in monitoring, making suggestions to management for improvements in the working environment and 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 WEC meetings on a regular basis throughout the year. In the Board of Directors' view, the working environment in the Company during 2023 was good as confirmed through WEC meetings and employee satisfaction surveys.

DNO

As part of the employment benefits, the company offers schemes for pension savings and insurance. The Company offers private medical coverage for employees, which includes counseling for work / life issues such as stress.

Workforce diversity
At the end of 2023, the Company employed 112 staff (2022: 105), of which 46 percent are women and 54 percent men. Sick leave was 3.1 percent during 2022 (2022 :2.5 percent). One male and one female employee has worked part time during 2023. A total of 9 employees were on parental leave. Women had an average of 20 weeks of parental leave and men had an average of 8 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:

Women`s compensation as percentage of those of men`s:	Base Salary	Bonus
Level 1	91%	105%
Level 2	79%	76%
All employees	79%	82%

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

The Company aims to be a workplace where there is full equality between women and men and has incorporated a policy that aims to ensure that there is no discrimination based on gender. The Company is actively working to prevent discrimination due to disability, ethnicity, national origin, religion or belief, with new initiatives to be considered in 2024.

RISK AND UNCERTAINTY

Aside from the generic risks that face all businesses, the Company's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties and additional risks and uncertainties that are not presently known to the directors, or which they currently deem immaterial, may also have an adverse effect on the Company's operating results, financial condition and prospects. Whilst the risks below have been laid out in order of priority, it should be stressed that in so doing both magnitude and probability have been combined, to assess the scale, which is imperfect e.g. the probability of a major uninsured event is low but the consequences potentially very significant.

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 Company. In order to minimize any potentially adverse effects from such risks, financial risk is managed by the finance function under policies approved by the Board of Directors. For more information about how the Company manage financial risk, see Note 19 in the annual accounts.

Operational risk
The Company 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 the Company.

The ability to effectively manage and deliver value from exploration, development and production activities is dependent on the quality of the Company's 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.

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 operational controls, environmental impact assessments, asset integrity protocols and management systems related to health, safety and the environment, the Company aim to mitigate hazards with a potentially adverse impact on people, the environment, our assets, our profitability and our reputation.

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.

EVENTS SINCE THE BALANCE SHEET DATE

DNO receives 11 awards in Norway's APA licensing round
On 16 January 2024, the Company was 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.

Approval of Brasse field development
On 8 April 2024 DNO North Sea's parent company, DNO ASA, announced that a final investment decision has been made for the development of the Brasse field, to be renamed Bestla, subject to government approval of a plan for development and operation (PDO) which was submitted 30 April 2024.

Acquisition of producing assets in Norne Area
On 8 May 2024 DNO North Sea's parent company, DNO ASA, announced an agreement to acquire stakes in five oil and gas fields in the Norne area in the Norwegian Sea from Vår Energi ASA. The transaction includes an interest in four producing fields, Norne (6.9 percent), Skuld (11.5 percent), Urd (11.5 percent) and Marulk (20 percent), plus the ongoing Verdande development (10.5 percent). Prior to the transaction, DNO held interests in Marulk (17 percent), Alve (32 percent) and the ongoing Andvare development (32 percent). The cash consideration is USD 51 million. In addition, the Company will transfer its stake in Ringhorne East (22.6 percent) located in a non-core area for DNO to Vår Energi. The effective date of the transaction is 1 January 2024, and is expected to close in the third quarter of 2024, subject to authorities' approval.

Stavanger, 19 June 2024

Christopher Thomas Hyde Spencer Chairman of the Board	Haakon Sandborg Board member
Elisabeth Femsteinevik Managing Director	Geir Arne Skau Board member

DNO

Statements of comprehensive income

1 January – 31 December

NOK 000	Note	2023	2022
Revenues	3	4,273,428	5,371,967
Cost of goods sold	4,9	-1,486,454	-1,897,479
Gross profit		**2,786,974**	**3,474,487**
Exploration expenses	5,8	-396,570	-633,283
Payroll expenses	6	-139,551	-90,743
General and administrative expenses	7	-59,676	-68,824
Depreciation non oil & gas assets	9	-19,034	-16,159
Impairment of oil and gas assets	8,9	-285,096	-2,475,263
Net gain on disposal	9	3,201	-
Operating profit/-loss		**1,890,248**	**190,215**
Financial income	10	144,402	69,821
Financial expenses	10	-173,438	-209,346
Profit/-loss before income tax		**1,861,212**	**50,691**
Tax income/-expense	11	-1,468,163	-14,290
Net profit/-loss		**393,049**	**36,401**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income, net of tax		**393,049**	**36,401**

DNO

Statements of financial position

Years ended 31 December

NOK 000	Note	2023	2022
ASSETS			
Non-current assets			
Deferred tax asset	11	-	150,170
Goodwill	8	369,314	486,596
E&A and other Intangible assets	8	1,896,356	752,955
Property, plant and equipment	9	3,238,100	2,631,269
Total non-current assets		**5,503,770**	**4,020,990**
Current assets			
Trade receivables and other current assets	12	1,159,699	1,220,316
Cash and cash equivalents	13	1,881,926	2,148,342
Total current assets		**3,041,625**	**3,368,658**
TOTAL ASSETS		**8,545,395**	**7,389,648**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	152,702	152,702
Other reserves		5,943,706	5,943,706
Retained earnings		- 3,791,809	- 4,098,985
Total equity		**2,304,599**	**1,997,423**
Non-current liabilities			
Deferred tax liabilities	11	1,236,232	-
Interest-bearing liabilities to group companies	18	110,095	-
Interest-bearing liabilities to credit institution	15	-	261,917
Lease liabilities	17	28,584	43,284
Provisions for other liabilities and charges	17	2,986,275	2,676,112
Total non-current liabilities		**4,361,187**	**2,981,312**
Current liabilities			
Trade payables and other current liabilities	16	1,398,820	1,064,565
Income taxes payable	11	70,564	1,239,493
Interest-bearing liabilities to credit institution	15	356,034	83,088
Current lease liabilities	17	16,352	15,244
Provisions for other liabilities and charges	17	37,840	8,522
Total current liabilities		**1,879,609**	**2,410,913**
Total liabilities		**6,240,796**	**5,392,225**
TOTAL EQUITY AND LIABILITIES		**8,545,395**	**7,389,648**

Stavanger, 19 June 2024

Christopher Thomas Hyde Spencer
Chairman of the Board

Haakon Sandborg
Board member

Elisabeth Femsteinevik
Managing Director

Geir Arne Skau
Board member

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DNO

Statement of cashflows

1 January – 31 December

NOK 000	Note	2023	2022
Operating activities			
Profit/(loss) before tax for the year		1,861,212	50,691
Adjustments to add/-deduct non-cash items:			
Exploration cost capitalized in previous years carried to cost	5	67,073	288,762
Depreciation, depletion and amortization	9	420,606	803,378
Tax Paid-/refunded	11	-1,211,843	-347,741
Impairment of oil & gas assets	8,9	285,096	2,475,263
Other		143,261	264,133
Changes in working capital items and provisions:			
Changes in provisions		776	2,739
Changes in trade receivables		60,617	-72,175
Changes in trade payables		334,255	88,557
Changes in other current balance sheet items		-23,375	-14,266
Cash generated from operations		**1,937,677**	**3,539,341**
Investing activities			
Purchases of intangible assets	8	-1,210,474	-527,985
Purchases of tangible assets	9	-976,665	-844,529
Payments for decommissioning	17	-12	-7,834
Net cash from/-used in investing activities		**-2,187,149**	**-1,380,347**
Financing activities			
Repayment of borrowings	15	-	-1,112,692
Dividend	14	-	-300,000
Payments of lease liabilities	17	-16,945	-13,913
Net cash from/-used in financing activities		**-16,945**	**-1,426,606**
Net increase/-decrease in cash and cash equivalents		-266,417	732,389
Cash and cash equivalents at beginning of the period		2,148,342	1,415,952
Cash and cash equivalents at end of the period	13	**1,881,926**	**2,148,342**
Of which restricted cash	13	123,409	113,568

Statements of changes in equity

NOK 000	Share capital	Other reserves	Other equity	Total equity
Total equity as of 1 January 2022	**152,702**	**5,943,706**	**-3,835,385**	**2,261,023**
Profit for the period	-	-	36,401	36,401
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**36,401**	**36,401**
Distributed dividend	-	-	-300,000	-300,000
Transactions with shareholders	**-**	**-**	**- 300,000**	**-300,000**
Total equity as of 31 December 2022	**152,702**	**5,943,706**	**-4,098,985**	**1,997,423**

NOK 000	Share capital	Other reserves	Other equity	Total equity
Total equity as of 1 January 2023	**152,702**	**5,943,706**	**-4,098,985**	**1,997,423**
Profit for the period	-	-	393,049	393,049
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**393,049**	**393,049**
Distributed group contribution	-	-	-85,874	-85,874
Transactions with shareholders	**-**	**-**	**-85,874**	**-85,874**
Total equity as of 31 December 2023	**152,702**	**5,943,706**	**- 3,791,809**	**2,304,599**

Note 1 General Information

The principal activities of the Company are oil and gas exploration, development, and production.

The Company's registered office is located at Badehusgata 37, Stavanger, Norway. The Company is included in the consolidated accounts of DNO ASA. The consolidated annual accounts are published on the Internet page www.dno.no.

Note 2 Summary of accounting policies

■ Statement of compliance

The financial statements of DNO Norge AS for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company has used a simplified application of these international accounting standards in accordance with the Norwegian Accounting Act §3-9. The financial statements were approved by the Board of Directors on 19 June 2024.

■ Basis for preparation

The financial statements have been prepared under the historical cost convention, except for certain fair value adjustments required by those accounting policies. The financial statements are presented in Norwegian Kroner (NOK) and all values are rounded to the nearest thousand (NOK 000) except when otherwise indicated. The financial statements have been prepared based on a going concern assumption.

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 Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the reporting date. Estimates and assumptions are based on management's best knowledge and historical 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 below. The Company based its assumptions and estimates on parameters available when the Company's 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 Company. Such changes are reflected in the assumptions when they occur.

Estimates and assumptions

The key assumptions and key sources of estimation uncertainty for the Company are:

- Reserves and resources estimates;
- Asset retirement obligations
- Impairment/reversal of impairment of oil and gas assets;
- Impairment of technical goodwill;
- Accounting for exploration costs

Reserves and resources estimate

The Company'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.

The reserves are according to the Annual Statement of Reserves and Resources (ASRR), as published by DNO ASA, dated 13 March 2024 The reported reserves fall within class 1-3 of the Norwegian Offshore Directorate (NOD) classification and 2C resources fall within classes 4-7.

All estimates of reserves and resources involve uncertainty. Figures reported in Note 21 are the estimated proven (1P), proven and probable (2P) and proven, probable and possible (3P) quantities of oil and gas that can be recovered from a field or reservoir given the information available at yearend.

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; 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 Company 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.

Asset retirement obligations
The Company has recognized significant provisions relating to the decommissioning of oil and gas assets at the end of the production period. Obligations associated with decommissioning assets are recognized at present value of future expenditures on the date they incur. At the initial recognition of an obligation, the estimated cost is capitalized as property, plant and equipment (PP&E) and depreciated over the useful life of the asset (typically by unit-of-production).

It is difficult to estimate the costs for decommissioning at initial recognition 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 Company'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.

Impairment/reversal of impairment of oil and gas assets
The Company has recognized significant investments in development and production assets (classified under PP&E) and exploration and appraisal assets (classified under intangible assets) in the statements of financial position. Changes in the circumstances or expectations of future performance of an individual asset or a group of assets may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Management must determine whether there are circumstances indicating a possible impairment of the Company's 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 and cost profiles.

Impairments, other than those relating to goodwill, are reversed if the conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgment.

Impairment of technical goodwill
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 account to deferred tax recognized in business combinations. The Company has recognized a significant technical goodwill arising from business combinations. There are no specific IFRS guidelines about the allocation of technical goodwill, and the Company has therefore applied the general guidelines for allocating goodwill for the purpose of impairment testing. 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.

Technical goodwill is exposed to impairment testing whenever there is a significant indicator that the CGU (or groups of CGUs) to which it is allocated is impaired. Moreover, 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.

Accounting for exploration costs
The Company'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.

Interest in jointly controlled operations (assets)
A joint arrangement is present when DNO Norge holds a long-term interest which is jointly controlled by the Company 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.

Under IFRS 11 *Joint Arrangements*, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities. Oil and gas licenses held by the Company which are within the scope of IFRS 11 have been classified as joint operations. The Company 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 Company's financial statements.

For those licenses that are not deemed to be joint arrangements pursuant to the definition in IFRS 11, either because unanimous consent is not required among the parties involved, or no single group of parties has joint control over the activity, DNO Norge recognizes its share of related expenses, assets, liabilities and cash flows under the respective items in the Company's financial statements in accordance with applicable IFRS standards. In determining whether each separate arrangement related to the Company's joint operations is within or outside the scope of IFRS 11, DNO Norge considers the terms of relevant license agreements, governmental concessions and other legal arrangements impacting how and by whom each arrangement is controlled.

■ Foreign currency translation and transactions

Transactions and balances
Foreign currency transactions are translated into functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Financial assets and financial liabilities in foreign currencies are translated into functional currency at the balance sheet date exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Those arising in respect of financial assets and liabilities are recorded on a net basis as a financial item.

■ Classification in the statements of financial position

Current assets and short-term liabilities include items due less than one year from the statements of financial position date, and if longer, items related to the operating cycle. The current portion of long-term debt is included under current liabilities. Other assets and liabilities are classified as non-current assets and non-current liabilities.

■ Fair value

Financial instruments such as investments in equity instruments are measured at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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, assuming that market participants act in their economic best interest. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

■ **Property, plant and equipment**

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.

The carrying amount of the PP&E in the statements of financial position represents the cost less accumulated DD&A and accumulated impairment charges.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to profit or loss during the financial period in which they are incurred. The cost of major repairs and maintenance is included in the asset's carrying amount when it is likely that the Company will derive future financial benefits exceeding the originally assessed standard of performance of the existing asset.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

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, normally at the time of concept selection. All costs of developing commercial oil and gas fields are capitalized, including indirect costs. Capitalized development costs are classified as tangible assets (i.e., PP&E). Pre-development expenditures up until development project sanction in general do not meet the criteria for capitalization and are expensed as incurred.

Acquired licence rights are recognized as intangible assets at the time of acquisition. Acquired licence rights related to fields in the exploration phase remain as intangible assets when the related fields enter the development or production phase.

Oil and gas assets in production

Capitalized costs for oil and gas assets are depreciated using the unit-of-production (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.

Component cost accounting/decomposition

The Company allocates the amount initially recognized in respect of an item of PP&E to its significant parts and depreciates separately each such part over its useful life. DNO Norge has defined the oil and gas field (or group of oil and gas fields) or license level as the lowest level at which separate cash flows can be identified.

Borrowing costs

Interest costs directly attributable to the construction phase of PP&E assets are capitalized during the period required to complete and prepare the asset for its intended use. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Other borrowing costs are expensed when incurred. The capitalization of borrowing costs is recorded based on the average interest rate for the Company in the period. The capitalized borrowing costs cannot exceed the actual borrowing costs in each period.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. The Company 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 Company 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 statement of cash flow, lease payments related to lease liabilities recognized in accordance with IFRS 16, are presented as cash flow used in financing activities.

■ 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.

Exploration and evaluation assets

The Company 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 licence 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.

■ Impairment/reversal of impairment

At the end of each reporting period, the Company assesses whether there is any indication that an asset (exclusive of goodwill) may be impaired. If a significant 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 (i.e., CGU). 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.

A previously recognized impairment loss is reversed through the income statement if the circumstances that gave rise to the impairment no longer exist. It is not reversed to an amount that would be higher than if no impairment loss had been recognized. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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. When performing the impairment test for technical goodwill, deferred tax recognized in relation to the acquired licences reduces the net carrying value prior to the impairment charges.

Impairment is recognized if the recoverable amount of the CGU (or groups of CGUs) to which the technical goodwill is related is less than the carrying amount.

Impairment of goodwill cannot be reversed in future periods.

■ Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are initially recognized at fair value. After initial recognition the measurement and accounting treatment depend on the type of instrument and classification.

Financial assets

Financial assets are classified at initial recognition and subsequently measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit or loss (FVTPL).

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include trade and other receivables.

Derecognition of financial assets

A financial asset is derecognized when the Company:

- No longer has the right to receive cash flows from the asset;
- Retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- Has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

Impairment of financial assets

For trade receivables, a simplified approach is applied in calculating ECLs. Changes in credit risk are not tracked but instead a loss allowance based on lifetime ECLs at each reporting date is recognized. Expected credit losses are based on a multifactor and holistic analysis and depend on historical experience with the customers adjusted for forward-looking factors specific to the customers and the economic environment.

Financial assets are assessed with regards to default when contractual payments are past the established payment due date and there is internal or external information indicating that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at FVTPL, loans and borrowings or payables.

All financial liabilities are recognized initially at fair value and in the case of loans/borrowings and payables, net of directly attributable transaction costs.

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

The subsequent measurement of financial liabilities depends on the classification. No financial liabilities have been designated at FVTPL. 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.

DNO

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.

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.

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.

■ Equity

Ordinary shares
Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares and share options are recognized as a reduction of equity, net of any tax effects.

Dividend
Liability to pay a dividend is recognized when the distribution is authorized by the shareholders. A corresponding amount is recognized directly in equity.

■ Financial income and expenses

Financial income comprises: interest income and foreign exchange gains. Interest income is recognized as it accrues in profit or loss using the effective interest method.

Financial expenses comprise: interest expenses on loans; unwinding of the discount on provisions; changes in the fair value of financial assets measured at FVTPL and foreign exchange losses.

Foreign exchange gains or losses from financial instruments are reported as financial income or financial expenses.

■ Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

■ Revenue recognition

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.

A liability (overlift) arises when the Company sells more than its share of the oil and gas production. Similarly, an asset (underlift) arises when the sale is less than the Company's share of the oil and gas production.

In general, overlift/underlift balances are valued at production cost including depreciation. The movements in overlift/underlift are presented as an adjustment to Cost of goods sold.

Tariff income from processing of oil and gas is recognized as earned in line with underlying agreements.

Revenues from the sale of services are recognized when services are performed.

Other revenues are recognized when the goods or services are delivered, and material risk and control are transferred.

■ Income taxes

Tax income/expense consists of taxes receivable/payable and changes in deferred tax. Taxes receivable/payable are based on the amounts receivable 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 re-assessed 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 irrespective of when the differences are reversed. They 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. For treatment of tax in relation to business combinations, see the Business combinations section.

■ Business combinations

In accordance with IFRS 3 *Business Combinations*, an acquisition is considered a business combination, when the acquired asset or groups of assets constitute a business (i.e., an integrated set of operations and assets conducted and managed for the purpose of providing a return to the investors).

Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date on which the Company achieves control over the financial and operating assets. This date may differ from the actual date on which the assets are transferred.

For accounting purposes, the acquisition method is used in connection with the purchase of businesses. Acquisition cost equals the fair value of the assets used as consideration, including contingent consideration, equity instruments issued and liabilities assumed in connection with the transfer of control. Acquisition cost is measured against the fair value of the acquired assets and assumed liabilities. Identifiable intangible assets are included in connection with acquisitions if they can be separated from other assets or meet the legal contractual criteria. If the acquisition cost at the time of the acquisition exceeds the fair value of the acquired net assets (when the acquiring entity achieves control of the transferring entity), goodwill arises.

If the fair value of the acquired net assets exceeds the acquisition cost on the acquisition date, the excess amount is taken to profit or loss immediately.

Goodwill is allocated to the CGUs or groups of CGUs that are expected to benefit from synergy effects of the acquisition. The allocation of goodwill may vary depending on the basis of its initial recognition.

The goodwill that is recognized by the Company 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. The fair values of the Company's licences are based on cash flows after tax. This is because these licences are sold only on an after-tax basis. The purchaser is therefore not entitled to a tax deduction for the consideration paid above the seller's tax values. In accordance with IAS 12, a provision is made for deferred tax corresponding to the tax rate multiplied by the difference between the fair values of the acquired assets and the transferred tax depreciation basis (i.e., tax values).

The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a technical effect of deferred tax. Technical goodwill is tested for impairment separately for each CGU which gives rise to the technical goodwill. A CGU may be individual oil fields, or a group of oil fields that are connected to the same infrastructure/production facilities, or a license.

The estimation of fair value may be adjusted up to 12 months after the acquisition date if new information emerges about facts and circumstances that existed at the time of the takeover and which, had they been known, would have affected the calculation of the amounts that were included from that date.

Acquisition-related costs, except costs to issue debt or equity securities, are expensed as incurred. Taxes payable and deferred tax are recognized directly in the equity to the extent that they relate to items charged directly to the equity.

■ License acquisitions, farm-in/out and license swaps

License acquisitions

For acquisition of oil and gas licenses, individual assessment is made whether the acquisition should be treated as a business combination or as an asset purchase. The conclusion may materially affect the financial statements both in the transaction period and in future periods. 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.

Farm-in and farm-out
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 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. The farmee capitalizes or expenses its costs as incurred according to the accounting method it is using. There are no accruals for future commitments in farm-in/farm-out agreements in the exploration and evaluation phase and no profit or loss is recognized by the farmor. 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
License swaps are calculated 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 the fair value of the asset divested, can be effectively measured. In the exploration phase, the Company normally recognizes license swaps based on historical cost basis, as the fair value is often difficult to measure. If the transaction is determined to be a business combination, the requirements of IFRS 3 apply.

■ Employee benefits

Pensions
The Company'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.

■ Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it 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. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is certain. The expense related to any provision is presented in profit or loss, net of any reimbursement. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount of the provision is the present value of the risk-adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate and a credit margin as the discount rate. Where discounting is used, the carrying amount of the provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as other financial expenses.

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

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 ARO asset (included in PP&E) of an amount equivalent to the provision is also recognized initially. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

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 ARO asset in the period in which the estimate is revised.

■ Related parties
Parties are related if one party has the ability to directly, jointly or indirectly control the other party or exercise significant influence over the party in making financial and operating decisions. Management is also considered to be a related party.

Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged. All transactions between the related parties are recorded at market value.

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

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

Note 3 Revenues

NOK 000	2023	2022
Sale of oil	2,577,207	2,335,244
Sale of gas	1,443,513	2,683,101
Sale of natural gas liquids(NGL)	216,250	275,521
Tariff income	36,458	78,099
Total revenues from contracts with customers	**4,273,428**	5,371,967

Note 4 Cost of goods sold

NOK 000	2023	2022
Lifting costs	-826,229	-832,047
Tariff and transportation expenses	-336,342	-285,794
Production cost based on produced volumes	**-1,162,572**	**-1,117,841**
Movement in over/underlift	81,765	20,840
Production cost based on sold volumes	**-1,080,807**	**-1,097,001**
Obsolence provision	-4,075	-13,259
Depreciation, depletion and amortization	-401,572	-787,220
Total cost of goods sold	**-1,486,454**	**-1,897,479**

Note 5 Exploration expenses

NOK 000	2023	2022
Exploration expenses, previously capitalised	-67,073	-288,762
Exploration expenses related to licence participation	-231,029	-163,509
Other exploration expenses (seismic, licence rounds etc.)	-98,469	-181,012
Exploration expenses	**-396,570**	**-633,283**

The Company participated in the completion of seven exploration wells during 2023, whereof five discoveries. Two wells in PL923 were determined not commercial and therefore written off. In addition, an appraisal of existing discovery in PL836 (Bergknapp) was completed.

Note 6 Payroll expenses

NOK 000	2023	2022
Salaries	-202,115	-170,544
Social security tax	-39,079	-26,950
Pension costs	-26,268	-17,747
Other personnel expenses	-5,416	-6,697
Cost recharged to joint ventures and group entities	133,327	131,195
Payroll expenses	**-139,551**	**-90,743**

The Company recharges cost to operated joint ventures and work performed on behalf of related parties.

The Company had an average of 112 FTE's during 2023 (2022: 96 FTE). At year end the Company had 112 employees (2022: 105).

Pensions
DNO Norge AS has established a defined contribution scheme for its employees. The scheme meets the requirements for mandatory pension in Norway.

Share Based Payments
Certain members of management have been awarded synthetic shares during the year as part of their variable remuneration. At yearend 2023, the Company's liability for synthetic shares as part of other variable remuneration amounted to NOK 5.8 million (2022: NOK 5.0 million). Recognised cost was NOK 5.5 million in 2023 (2022: NOK 3.9 million).

Key management remuneration

NOK 000	Salary	Pension	Other benefits	Total
Managing Director	5,335	212	511	6,057

The Company appointed a new Managing Director in January 2024.

No members of the Board of Directors have received any remuneration in 2023 or 2022.

No loans have been granted and no guarantees have been issued to the Managing Director or any member of the Board of Directors.

The Managing Director participates in the employee incentives scheme that has been established for the Company.

Note 7 Administrative expenses

NOK 000	2023	2022
Office expenses	-7,508	-4,813
IT expenses	-53,515	-46,848
Travel expenses	-4,717	-4,441
Professional services	-42,497	-102,546
Cost recharged to joint ventures and group entities	57,015	99,505
Other operating expenses	-8,454	-9,681
Total administrative expenses	**-59,676**	**-68,824**

The Company recharges cost to operated joint ventures and work performed on behalf of related parties.

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Auditor`s fees(ex. Vat)

NOK 000	2023	2022
Auditor's fees	-758	-829
Tax advisory services	-110	-193
Total auditor`s fee	**-868**	**-1,022**

Note 8 Intangible Assets

2023 - NOK 000	Goodwill	Exploration assets	Total
As of 1 January 2023			
Acquisition costs	891,396	1,909,844	2,801,240
Accumulated impairments	-404,800	-1,156,889	-1,561,689
Net book amount	**486,596**	**752,955**	**1,239,551**
Period ended 31 December 2023			
Opening net book amount	486,596	752,955	1,239,551
Additions	-	1,210,474	1,210,474
Write offs	-117,282	-67,073	-184,355
Transfer to PPE	-	-	-
Closing net book amount	**369,314**	**1,896,356**	**2,265,670**
As of 31 December 2023			
Acquisition costs	891,396	3,120,317	4,011,713
Accumulated impairments	-522,082	-1,223,962	-1,746,044
Net book amount	**369,314**	**1,896,356**	**2,265,670**

2022 - NOK 000	Goodwill	Exploration assets	Total
As of 1 January 2022			
Acquisition costs	891,396	1,716,630	2,608,026
Accumulated impairments	-404,800	-868,127	-1,272,927
Net book amount	**486,596**	**848,503**	**1,335,099**
Period ended 31 December 2022			
Opening net book amount	486,596	848,503	1,335,099
Additions	-	527,985	527,985
Write offs	-	-288,762	-288,762
Transfer to PPE	-	-334,771	-334,771
Closing net book amount	**486,596**	**752,955**	**1,239,551**
As of 31 December 2022			
Acquisition costs	891,396	1,909,844	2,801,240
Accumulated impairments	-404,800	-1,156,889	-1,561,689
Net book amount	**486,596**	**752,955**	**1,239,551**

Transfer to PPE relates to reclassification of the book value of Iris/Hades (PL644) license following concept select.

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Note 9 Property, Plant and Equipment

2023 - NOK 000	Oil & gas assets	Other PP&E	RoU assets	Total
As of 1 January 2023				
Acquisition costs	7,587,779	34,573	95,135	7,717,487
Accumulated impairments	-2,784,208	-	-	-2,784,208
Accumulated depreciation	-2,234,992	-27,694	-39,323	-2,302,009
Net book amount	**2,568,579**	**6,879**	**55,812**	**2,631,269**
Period ended 31 December 2023				
Opening net book amount	2,568,579	6,879	55,812	2,631,269
Additions	1,190,665	2,934	1,653	1,195,251
Impairments	-167,814	-	-	-167,814
Depreciation	-401,572	-3,505	-15,528	-420,606
Closing net book amount	**3,189,857**	**6,307**	**41,936**	**3,238,100**
As of 31 December 2023				
Acquisition costs	8,778,443	37,507	93,972	8,909,923
Accumulated impairments	-2,952,022	-	-	-2,952,022
Accumulated depreciation	-2,636,564	-31,200	-52,037	-2,719,801
Net book amount	**3,189,857**	**5,992**	**41,936**	**3,238,100**
Depreciation method	UOP	3-7 years linear		

2022 - NOK 000	Oil & gas assets	Other PP&E	RoU assets	Total
As of 1 January 2022				
Acquisition costs	6,348,777	29,702	76,818	6,455,296
Accumulated impairments	-308,945	-	-	-308,945
Accumulated depreciation	-1,447,772	-23,710	-27,149	-1,498,631
Net book amount	**4,592,059**	**5,992**	**49,669**	**4,647,720**
Period ended 31 December 2022				
Opening net book amount	4,592,059	5,992	49,669	4,647,720
Additions	904,231	4,872	19,858	928,961
Disposals	-	-	-1,541	-1,541
Impairments	-2,475,263	-	-	-2,475,263
Depreciation	-787,220	-3,984	-12,174	-803,378
Transfer from intangible assets	334,771	-	-	334,771
Closing net book amount	**2,568,578**	**6,879**	**55,811**	**2,631,269**
As of 31 December 2022				
Acquisition costs	7,587,779	34,573	95,135	7,717,487
Accumulated impairments	-2,784,208	-	-	-2,784,208
Accumulated depreciation	-2,234,992	-27,694	-39,323	-2,302,009
Net book amount	**2,568,579**	**6,879**	**55,812**	**2,631,269**
Depreciation method	UOP	3-7 years linear		

Impairment testing

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. An assessment of the recoverable amount is made when an impairment indicator exists. Goodwill is tested for impairment annually or more frequently when there are impairment indicators. Impairment is recognized when the carrying amount of an asset or a CGU, including associated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use. 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 Company'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 65.0 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 21.

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 fair value calculations, the relevant post-tax nominal discount rates at yearend 2023 were 9.8 percent (8.4 percent at yearend 2022).

Inflation and currency rates
The long-term inflation rate is assumed to be 2.0 percent independent of the underlying country or currency (unchanged from yearend 2022). The Company 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 the years 2024 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.

Impairment charge and reversal

NOK 000	2023	2022
Oselvar	5,965	16,470
Brasse	-	-434,130
Ula CGU	-172,703	-2,058,473
Other	-1,076	870
Vilje	-117,282	-
Total	**-285,096**	**-2,475,263**

During 2023, a total impairment charge of NOK 285.1 million (NOK 154.2 million post-tax) was recognized, mainly driven by:

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

During 2022, a total impairment charge of NOK 2 475.3 million (NOK 544.6 million post-tax) was recognized, driven by:

- Revised reserves and resource estimates, and cost profiles (Ula area CGU);
- Decision not to submit a PDO by yearend 2022 (Brasse pre-development asset)
- Downward revision in the cost estimate for decommissioning (Oselvar field)

Note 10 Net financial items

NOK 000	2023	2022
Interest income	89,408	31,003
Foreign exchange gains(net)	42,444	38,657
Other financial income	12,549	161
Financial income	**144,402**	**69,821**
Interest expenses	-19,269	-46,883
Other financial expenses	-154,170	-162,462
Financial expenses	**-173,438**	**-209,346**
Net financial items	**-29,036**	**-139,524**

Other financial expenses relate to the amortization of issue costs, premium on hedging arrangements and accretion expenses (i.e., unwinding of discount) related to the ARO provisions.

Note 11 Taxation

INCOME TAX (EXPENSE)/BENEFIT		
NOK 000	**2023**	**2022**
Tax (payable)/refund on profit/loss	-70,564	-1,441,609
Change in deferred tax asset/liability	-1,386,272	1,442,623
Tax refund booked against balance sheet	-14,626	-8,448
Change regarding previous years	3,300	-6,856
Income tax (expense)/benefit	**-1,468,163**	**-14,290**

RECONCILIATION OF INCOME TAX (EXPENSE)/BENEFIT		
NOK 000	**2023**	**2022**
Profit before taxes	1,861,212	50,691
Calculated tax according to petroleum tax rate (78 %)	-1,451,745	-39,539
Permanent differences, incl. Impairment of goodwill	-26,696	5,731
Effect of uplift	51,848	46,221
Effect of change in tax rates	-	14,681
Other items, incl finance and onshore	-44,869	-34,528
Adjustment previous years	3,300	-6,856
Income tax (expense)/benefit	**-1,468,163**	**-14,290**
Effective tax rate	**78.9 %**	**28.2 %**

DEFERRED TAX SPECIFICATION		
NOK 000	**2023**	**2022**
Oil & gas asets	-3,587,616	-1,931,779
Office equipment	3,671	4,254
Other items	4,210	7,320
Asset Retirement obligation	2,348,913	2,078,213
Borrowing cost valued at tax rate 22%	-5,411	-7,837
Deferred tax asset/ liability(-)	**-1,236,232**	**150,170**

DEFERRED TAX SPECIFICATION		
NOK 000	**2023**	**2022**
Oil & gas asets	-3,587,616	-1,931,779
Office equipment	3,671	4,254
Other items	4,210	7,320
Asset Retirement obligation	2,348,913	2,078,213
Borrowing cost valued at tax rate 22%	-5,411	-7,837
Deferred tax asset/ liability(-)	**-1,236,232**	**150,170**

In June 2022, the Norwegian Parliament approved certain changes to the taxation of oil and gas companies operating on the NCS, effective from 1 January 2022. The companies can expense investments immediately in the special tax basis and receive a cash refund of the tax value of losses in the special tax basis. The uplift on investments is discontinued but will apply to the investments covered by the temporary changes, as approved by the parliament in June 2020. The ordinary corporate tax is deductible in the special tax basis and to maintain a combined marginal tax rate of 78.004 percent, the special tax rate is increased to 71.8 percent.

In December 2022, the Norwegian Parliament approved a change to the uplift under the temporary tax rules applying to PDOs delivered by the end of 2022, from 17.69 percent to 12.4 percent, effective from 1 January 2023. The change to the uplift adversely impacts the economics of development projects under the temporary rules.

RECONCILIATION OF TAX PAYABLE/RECEIVABLE

NOK 000	2023	2022
Tax (payable)/receivable at 1 January	-1,239,493	-291,541
Recognised group contribution	24,221	-
Tax (payable)/receivable in the income statement	-70,564	-1,441,609
Tax paid/refunded(-)	1,211,843	347,741
Prior period adjustment	3,430	-4,801
Reclassification from deferred tax asset	-	150,716
Tax (payable)/receivable at 31 December	**-70,564**	**-1,239,493**

Note 12 Trade receivables and other current assets

NOK 000	2023	2022
Trade receivables	51,791	77,650
Other current receivables	54,564	35,728
Intercompany receivables	24,911	15,403
Stock in joint ventures	107,606	111,318
Working capital receivables in joint ventures	497,193	348,934
Prepayments & Accrued Income	262,261	512,836
VAT receivables	40,674	23,906
Underlift	120,697	94,542
Trade receivables and other current assets	**1,159,699**	**1,220,316**

Note 13 Cash and cash equivalents

NOK 000	2023	2022
Bank deposits, restricted	123,409	113,568
Bank deposits, unrestricted	1,758,517	2,034,774
Cash and cash equivalents	**1,881,926**	**2,148,342**

Restricted cash relates to tax withheld for employees and deposited cash for future decommissioning.

Note 14 Share capital

NOK 000	Number of common shares	Share capital
Total as of 1 January 2022	**76,172,100**	**152,702**
Share issued in 2022	-	-
Total as of 31 December 2022	**76,172,100**	**152,702**
Share issued in 2023	-	-
Total as of 31 December 2023	**76,172,100**	**152,702**

The nominal value of each share is NOK 2. All shares have equal voting rights. All shares are owned by DNO North Sea plc

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Note 15 Interest-bearing liabilities

NOK 000	Facility currency	Facility amount	Interest (percent)	Maturity	Fair value 2023	Fair value 2022	Carrying amount 2023	Carrying amount 2022
Non-current								
Reserve based lending facility	USD	310.0	see below	07.11.26	-	261,917	-	261,917
Total non-current interest-bearing liabilities					**-**	**261,917**	**-**	**261,917**
Current								
Reserve based lending facility	USD	310.0	see below	07.11.26	356,034	83,088	356,034	83,088
Total current interest-bearing liabilities					**356,034**	**83,088**	**356,034**	**83,088**
Total interest-bearing liabilities to credit institution					**356,034**	**345,006**	**356,034**	**345,006**

As of 31 December 2023, the DNO North Sea plc group, where the Company is subsidiary 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 18.5 million (2022: USD 17.6 million) is utilized in respect of letters of credit.

Note 16 Trade payables and other current liabilities

NOK 000	2023	2022
Trade payables	240,547	106,468
Intercompany payables	11,430	23,589
Working capital liabilities in joint ventures	563,331	369,188
Salary accruals	53,314	41,922
Other accrued expenses	338,811	310,592
Public duties payable	26,242	21,446
Deferred income and overlift	165,145	191,362
Trade payables and other current liabilities	**1,398,820**	**1,064,565**

Note 17 Provisions

NOK 000	2023	2022
Non current		
Asset retirement obligation	2,986,275	2,676,112
Total non-current provisions	**2,986,275**	**2,676,112**
Lease liability	28,584	43,284
Total non-current lease liability	**28,584**	**43,284**
Current		
Asset retirement obligation	32,076	3,534
Other provisions	5,764	4,988
Total current provisions	**37,840**	**8,522**
Lease liability	16,352	15,244
Total current lease liability	**16,352**	**15,244**

The total ARO of NOK 3.0 billion ('BNOK') (2022: BNOK 2.7) relates primarily to the Company's production and development facilities. The ARO is recorded as the Company's share of the decommissioning cost expected to be incurred. These costs are expected to be incurred at various intervals over the next 26 years. The economic life and the timing of the decommissioning liabilities are dependent on Government legislation, commodity prices and the future production profiles of the production and development facilities. In addition, the costs of decommissioning are subject to inflation in the service costs of third parties. The assumptions applied per yearend 2023 are 2 percent (2022: 2 percent) inflation and a discount rate in the range of 4.9-5.0 percent (2022 4.5-4.8 percent) based on time until cessation of production.

Note 18 Related parties

NOK 000	2023	2022
Non current		
Loans from group companies	-110,095	-
Net long term balance with related parties	**-110,095**	**-**
Current		
Intercompany receivables	24,911	15,403
Intercompany payables	-11,430	-23,589
Net short term balance with related parties	**13,481**	**-8,186**
Transactions with group companies		
Purchase of business services	-33,144	-28,367
Sale of business services	36,875	34,341
Interest expense	-4,182	-11,212
Net transations with related parties	**-451**	**-5,238**

The Company's intercompany loan is from ultimate parent Company DNO ASA. Interest rate on outstanding loans is the rate applicable under the Reserve-Based Lending facility plus a margin of 1.5 percent.

Purchase of business services from related parties mainly relate to recharged third-party cost and work related to centralised services performed by DNO ASA. The sale of business services mainly relates to technical work performed by Company staff on behalf of other entities in the DNO ASA group. The recharge is without a mark-up and calculated at cost.

Note 19 Financial instruments

Financial risk management, objectives and policies

Overview

The Company's principal financial liabilities are comprised of interest-bearing liabilities, tax payable and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents.

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

Market risk

The Company 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

The Company's revenues are generated from the sale of oil and gas. The Company 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.

Foreign currency exchange rate risk

The Company has potential currency exposures in respect of items denominated in foreign currencies relating to transactional exposure in respect of operating costs and capital expenditure incurred in currencies other than the functional currency of operations. The Company had no currency hedging arrangements at yearend 2023.

Interest rate risk

Interest rate exposure on intercompany loan, and the reserve-based lending facility (RBL) is considered limited and no hedging arrangement was in place during 2023. The Company is also exposed to interest rate risk on its cash deposits held at floating interest rates.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash balances, credit facilities and other financial resources to maintain financial flexibility under dynamic market conditions. The Company's principal sources of liquidity are operating cash flows from its producing assets. In addition to its operating cash flows, the Company relies on the facilities in place. At yearend 2023, the DNO North Sea plc group had available RBL in relation to its Norway and UK licenses with a total facility amount of USD 310 million. The Company's finance function prepares projections on a regular basis in order to plan the Company's liquidity requirements. These plans are updated regularly for various scenarios and form part of the basis for decision making for the Company's Board of Directors and executive management.

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 Company. The Company's exposure to credit risk is considered low and is mainly related to its outstanding trade debtors. Other counterparty credit risk exposure to the Company is related to its cash deposits with banks and financial institutions.

Capital Management

For the purpose of the Company's capital management, capital is defined as the total equity and debt of DNO. The Company 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. Management continuously monitors the equity ratio of the Company and takes appropriate steps to ensure the Company is appropriately funded.

Note 20 Oil & Gas licence portfolio

At yearend 2023, the Company held 73 licenses on the Norwegian continental shelf:

Region/license	Participating interest (percent)	Operator	Partner(s)
Norway			
PL006 C	65.0	DNO Norge AS	Aker BP ASA
PL018 ES	45.0	A/S Norske Shell	DNO Norge AS, Sval Energi AS
PL019	20.0	Aker BP ASA	DNO Norge AS
PL019 E	20.0	Aker BP ASA	DNO Norge AS
PL019 F	45.0	Aker BP ASA	DNO Norge AS
PL036 D	28.9	Aker BP ASA	DNO Norge AS, PGNiG Upstream Norway AS
PL048 D	9.3	Equinor Energy AS	DNO Norge AS, Petrolia NOCO AS, Aker BP ASA
PL053 B	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 B	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 D	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL055 E	14.3	OKEA ASA	DNO Norge AS, Lime Petroleum AS, Petrolia NOCO AS, M Vest Energy AS
PL065	45.0	Aker BP ASA	DNO Norge AS
PL065 B	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	ConocoPhilips Skandinavia AS	DNO Norge AS
PL1146B	25.0	ConocoPhilips 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

DNO

PL1171	50.0	Aker BP ASA	DNO Norge AS
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	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 B	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 C	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 D	17.0	Vår Energi ASA	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL147	50.0	DNO Norge AS	Sval Energi AS
PL159 B	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL159 G	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL169 E	87.0	DNO Norge AS	Vår Energi ASA
PL185	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	45.0	Aker BP ASA	DNO Norge AS
PL405	15.0	Sval Energi AS	DNO Norge AS, Aker BP ASA
PL586	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi AS, Sval Energi AS
PL586 B	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi AS, Sval Energi AS
PL644	30.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS
PL644 B	30.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS
PL644 C	30.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS
PL740	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, Aker BP AS
PL969	45.0	A/S Norske Shell	DNO Norge AS, Sval Energi AS
PL969 B	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, Aker BP ASA
PL984 BS	30.0	DNO Norge AS	Vår Energi ASA, Source Energy AS, Equinor Energy AS, Aker BP ASA

At yearend 2022, the Company held 68 licenses on the Norwegian continental shelf.

Region/license	Participating interest (percent)	Operator	Partner(s)
Norway			
PL006 C	65.0	DNO Norge AS	Aker BP ASA
PL018 ES	45.0	A/S Norske Shell	DNO Norge AS, Spirit Energy Norway AS
PL019	20.0	Aker BP ASA	DNO Norge AS
PL019 E	20.0	Aker BP ASA	DNO Norge AS
PL019 F	45.0	Aker BP ASA	DNO Norge AS
PL036 D	28.9	Aker BP ASA	DNO Norge AS, PGNiG Upstream Norway AS
PL048 D	9.3	Equinor Energy AS	DNO Norge AS, Petrolia NOCO AS, Aker BP ASA
PL053 B	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi AS, Neptune Energy Norway AS
PL055	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi AS, Neptune Energy Norway AS
PL055 B	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi AS, Neptune Energy Norway AS
PL055 D	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi AS, Neptune Energy Norway AS
PL055 E	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi AS, Neptune Energy Norway AS
PL065	45.0	Aker BP ASA	DNO Norge AS
PL065 B	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	40.0	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 AS, Wintershall Dea Norge AS
PL1145	60.0	DNO Norge AS	DNO Norge AS, Aker BP ASA
PL1146	25.0	ConocoPhilips Skandinavia AS	ConocoPhilips Skandinavia AS, DNO Norge AS
PL1147	20.0	Lundin Norway AS	Spirit Energy Norway AS, Lundin 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	DNO Norge AS, Aker BP ASA, Spirit Energy Norway AS
PL1160	60.0	DNO Norge AS	DNO Norge AS, Spirit Energy Norway AS

PL122	17.0	Vår Energi AS	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 B	17.0	Vår Energi AS	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 C	17.0	Vår Energi AS	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL122 D	17.0	Vår Energi AS	DNO Norge AS, Equinor Energy AS, PGNiG Upstream Norway AS
PL147	50.0	DNO Norge AS	Spirit Energy Norway AS
PL159 B	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL159 G	32.0	Equinor Energy AS	DNO Norge AS, PGNiG Upstream Norway AS
PL169 E	87.0	DNO Norge AS	Vår Energi AS
PL185	14.3	Wintershall Dea Norge AS	DNO Norge AS, Lime Petroleum AS, Vår Energi AS, 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	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	45.0	Aker BP ASA	DNO Norge AS
PL405	15.0	Spirit Energy Norway AS	DNO Norge AS, Aker BP ASA, Suncor Energy Norge AS
PL586	7.5	Neptune Energy Norge AS	DNO Norge AS, Vår Energi AS, Suncor Energy Norge AS
PL644	20.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS, Spirit Energy Norway AS
PL644 B	20.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS, Spirit Energy Norway AS
PL644 C	20.0	OMV (Norge) AS	DNO Norge AS, Equinor Energy AS, Spirit Energy Norway AS
PL740	50.0	DNO Norge AS	Vår Energi AS
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
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	40.0	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	40.0	DNO Norge AS	Vår Energi AS, Source Energy AS
PL984 BS	40.0	DNO Norge AS	Vår Energi AS, Source Energy AS
PL994	30.0	Neptune Energy Norge AS	DNO Norge AS, Petrolia NOCO AS

Capital commitments and abandonment expenditures

Based on work plans as of yearend 2023 and contingent on future market conditions including development in the oil and gas price, the Company's projected operational spend, comprising of capital and exploration expenditures, abandonment expenditures and operational expenditures at yearend 2023 amounted to NOK 5 105 million. The projected operational spend reflect the Company's share of planned drilling and facility investments and decommissioning plan in its licenses in 2024. The execution of these work plans is subject to revisions.

Note 21 Oil and gas reserves (unaudited)

Net reserves by field as of 31 December 2023

	Proven (1P)				Proven and probable (2P)				Proven, probable and possible (3P)			
MMboe	**Oil**	**NGL**	**Gas**	**Total**	**Oil**	**NGL**	**Gas**	**Total**	**Oil**	**NGL**	**Gas**	**Total**
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 (Ula area)	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 (Ula area)	0.7	-	0.1	0.9	1.1	0.1	0.3	1.4	1.3	0.1	0.4	1.7
Tambar East (Ula area)	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
Total	**8.7**	**2.4**	**12.4**	**23.7**	**14.2**	**3.4**	**17.2**	**34.8**	**22.1**	**4.5**	**22.2**	**49.0**

Development of net reserves

MMboe	**1P**	**2P**	**3P**
As of 1 January 2022	**33.2**	**52.3**	**70.2**
Production	-4.8	-4.8	-4.8
Acquisitions	-	-	-
Divestments	-	-	-
Extensions and discoveries	-	-	-
New developments	8.4	12.1	16.5
Revision of previous estimates	-12.2	-23.8	-33.8
As of 31 December 2022	**24.6**	**35.8**	**48.1**
Production	-5.1	-5.1	-5.1
Acquisitions	-	-	-
Divestments	-	-	-
Extensions and discoveries	-	-	-
New developments	-	-	-
Revision of previous estimates	4.2	4.1	6.0
As of 31 December 2023	**23.7**	**34.8**	**49.0**

The reserves are according to the Annual Statement of Reserves and Resources (ASRR), as published by DNO ASA, dated 13 March 2024 The reported reserves fall within class 1-3 of the Norwegian Offshore Directorate (NOD) classification and 2C resources fall within classes 4-7.

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'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 Company 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.

Note 22 Significant events after the reporting date

DNO receives 11 awards in Norway's APA licensing round
On 16 January 2024, the Company was 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.

Approval of Brasse field development
On 8 April 2024 DNO North Sea's parent company, DNO ASA, announced that a final investment decision has been made for the development of the Brasse field, to be renamed Bestla, subject to government approval of a plan for development and operation (PDO) which was submitted 30 April 2024.

Acquisition of producing assets in Norne Area
On 8 May 2024 DNO North Sea's parent company, DNO ASA, announced an agreement to acquire stakes in five oil and gas fields in the Norne area in the Norwegian Sea from Vår Energi ASA. The transaction includes an interest in four producing fields, Norne (6.9 percent), Skuld (11.5 percent), Urd (11.5 percent) and Marulk (20 percent), plus the ongoing Verdande development (10.5 percent). Prior to the transaction, DNO held interests in Marulk (17 percent), Alve (32 percent) and the ongoing Andvare development (32 percent). The cash consideration is USD 51 million. In addition, the Company will transfer its stake in Ringhorne East (22.6 percent) located in a non-core area for DNO to Vår Energi. The effective date of the transaction is 1 January 2024 and the transaction is expected to close in the third quarter of 2024, subject to authorities' approval.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DNO Norge AS

Opinion

We have audited the financial statements of DNO Norge AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and 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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 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.

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 the general manager) 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.

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 contains the information required by 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 there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company 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 internal control.
- 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 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 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.

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.

Stavanger, 24 June 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

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"By my signature I confirm all dates and content in this document."

Søreng, Erik
State Authorised Public Accountant (Norway)
On behalf of: Ernst & Young AS
Serial number: no_bankid:9578-5999-4-1529830
IP: 147.161.xxx.xxx
2024-06-24 13:16:06 UTC

bankID

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