



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 984 308 736  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: DNO YEMEN AS  
Forretningsadresse: Dokkveien 1  
0250 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Ja  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jonas Momkvist  
Dato for fastsettelse av årsregnskapet: 21.06.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 23.07.2023



## Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Other operating expenses	2	2 621 000	5 611 000
<b>Sum kostnader</b>		<b>2 621 000</b>	<b>5 611 000</b>
<b>Driftsresultat</b>		<b>-2 621 000</b>	<b>-5 611 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		2 000	5 000
Net gain/-loss on foreign exchange transactions		0	14 000
<b>Sum finansinntekter</b>		<b>2 000</b>	<b>19 000</b>
Net gain/-loss on foreign exchange transactions		2 000	
Other financial expense			2 000
<b>Sum finanskostnader</b>		<b>2 000</b>	<b>2 000</b>
<b>Netto finans</b>		<b>0</b>	<b>17 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-2 621 000</b>	<b>-5 594 000</b>
Tax income/-expense	3		293 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-2 621 000</b>	<b>-5 887 000</b>
<b>Årsresultat</b>		<b>-2 621 000</b>	<b>-5 887 000</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum anleggsmidler		0	0
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents		57 000	517 000
Sum bankinnskudd, kontanter og lignende		57 000	517 000
Sum omløpsmidler		57 000	517 000
<b>SUM EIENDELER</b>		<b>57 000</b>	<b>517 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	5	45 544 000	45 544 000
Sum innskutt egenkapital		45 544 000	45 544 000
<b>Opptjent egenkapital</b>			
Udekket tap	5	98 264 000	95 643 000
Sum opptjent egenkapital	5	-98 264 000	-95 643 000
Sum egenkapital	5	-52 720 000	-50 099 000
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	4	26 616 000	24 508 000
Sum annen langsiktig gjeld		26 616 000	24 508 000



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum langsiktig gjeld</b>		<b>26 616 000</b>	<b>24 508 000</b>
<b>Kortsiktig gjeld</b>			
Taxes payable	3	0	333 000
Kortsiktig konserngjeld	4	1 277 000	1 277 000
Other short-term liabilities	4,6	24 884 000	24 499 000
<b>Sum kortsiktig gjeld</b>		<b>26 161 000</b>	<b>26 109 000</b>
<b>Sum gjeld</b>		<b>52 777 000</b>	<b>50 617 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>57 000</b>	<b>518 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 665300

#### Enheten

Organisasjonsnummer: 984 308 736  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: DNO YEMEN AS  
Forretningsadresse: Dokkveien 1  
0250 OSLO

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Benyttet ved utarbeidelsen av  
årsregnskapet til selskapet: Regnskapslovens alminnelige regler

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Jonas Momkvist  
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Brønnøysundregistrene, 19.07.2022



Organisasjonsnr: 984 308 736  
DNO YEMEN AS

## RESULTATREGNSKAP

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Other operating expenses	2	2 621 000	5 611 000
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Net gain/-loss on foreign exchange transactions		2 000	
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<b>Årsresultat</b>		<b>-2 621 000</b>	<b>-5 887 000</b>





Sum gjeld	52 777 000	50 617 000
SUM EGENKAPITAL OG GJELD	57 000	518 000



Organisasjonsnr: 984 308 736  
DNO YEMEN AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

1

### Regnskapsprinsipper

Basis for preparation. The financial statements of DNO Yemen AS have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small companies. The company is part of the consolidated financial statements of DNO ASA. The consolidated financial statements of DNO ASA can be retrieved from [www.dno.no](http://www.dno.no) or printed copies can be ordered by an inquiry to DNO ASA. Going concern. As of 31 December 2021, production start-up at the Yaalen field at Block 47 in Yemen remains on hold due to suspension of operations caused by the civil war. At yearend 2021, gross contingent (2C) resources at Block 47 stood at 6.2 MMbbls (4.8 MMbbls net to the company), unchanged from yearend 2020. The company's book equity at yearend 2021 is otherwise negative. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption. Use of estimates. The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway. Foreign currency The company's financial statements are presented in USD which also is the company's functional currency. Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary items denominated in foreign currencies are translated to USD using the balance sheet date exchange rates. Realized and unrealized currency gains and losses, including translation differences, are recognized as financial items in the income statement. Balance sheet classification. Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. 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 premium as the discount rate. Where discounting is used, the carrying amount of 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. Taxes Deferred tax is determined on the basis of existing temporary differences between



accounting net income and tax net income, including yearend loss carry-forwards, calculated at tax rates applicable at the balance sheet date. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount. Deferred tax assets are recognized only to the extent that it is probable that the company will have future taxable income, against which the asset can be utilized. The income tax expense is comprised of both tax payable for the period, and changes in deferred tax. From 2013, operating income and operating expenses from Petroleum activities outside Norway are not taxable or deductible in accordance with The Norwegian General Tax Act section 2-39. In general financial items are not exempt from the above mentioned section 2-39, and are therefore taxable or deductible. Interest expenses are deductible in accordance with section 6-91.

## Note

1

Er det usikkerhet om fortsatt drift?: Ja

As of 31 December 2021, production start-up at the Yaalen field at Block 47 in Yemen remains on hold due to suspension of operations caused by the civil war. At yearend 2021, gross contingent (2C) resources at Block 47 stood at 6.2 MMbbls (4.8 MMbbls net to the company), unchanged from yearend 2020. The company's book equity at yearend 2021 is otherwise negative. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption.

## Note

2

### Antall årsverk i regnskapsåret

0.00

## Note

2

### Spesifisering av resultatregnskapet

#### Lønnskostnader

Lønn	Årets	Fjorårets
	0.00	0.00

#### Mer om årsverk og lønn

The company had a workforce of two people engaged in the operations in Yemen at yearend 2021, both working in Yemen.

## Note

### Ekstraordinære inntekter og kostnader

Sum	Beløp
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Balanseført verdi 31.12.                      Varige driftsmidler   Immaterielle eiend.

**Konsernregnskap**

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

**Morselskapet sitt navn**

DNO ASA

**Forretningskontor for morselskapet**

Dokkveien 1, 0250 Oslo

**Begrunnelse for at datterselskap er utelatt fra konsolideringen****Konsern, tilknyttet selskap m.v. - fordringer og gjeld****Fordringer**

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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**Annen langsiktig gjeld**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	26616000.00	24508000.00

**Kortsiktig gjeld**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	1277000.00	1277000.00

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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**Note****Fordringer**

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

**Mer om fordringer****Note**

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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**Erverv**

Endringer i beholdning av aksjer i løpet av regnskapsåret

**Avhendelse**



**Endringer i beholdning av aksjer i løpet av regnskapsåret**

**Samvirkeforetak**

**Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti**

**Mer om aksjer**

**Note**

**Lån og sikkerhetsstillelse til medlemmer**

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

**Opplysninger om:**

**Medlemmer av:**

**Mer om lån og sikkerhetsstillelse**



**Skattedirektoratet**

Saksbehandler  
Jan Hoelstad

Deres dato  
24.11.2010

Vår dato  
14.12.2010

Telefon  
22077325

Deres referanse  
Cathrine Manum

Vår referanse  
2010/1198508

DNO International ASA  
Postboks 1345 Vika  
0113 OSLO

**Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk**

Det vises til deres brev av 24. november 2010 hvor det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende heleide datterselskap av DNO International ASA:

- DNO Iraq AS                      Og. nr: 988 714 526
- DNO Yemen AS                    Org. nr: 984 308 736
- DNO Mozambique AS            Org. nr: 995 739 879

**Bakgrunn:**

Fra deres brev gjengis:

*"DNO International ASA er notert på Oslo Børs og fikk 28. mai 2010 dispensasjon fra regnskapslovens § 3-4 om å utarbeide årsregnskap og årsberetning på engelsk. Datterselskapenes virksomhet drives i sin helhet i henholdsvis Irak, Jemen og Mozambique. Selskapene har ingen ekstern finansiering, kun en lånefasilitet fra morselskapet. Selskapene har heller ingen ansatte. All kommunikasjon og alle avtaler blir gjort på engelsk.*

*De norske regnskapene utarbeides kun for å oppfylle språkkravene i regnskapsloven og foretaksregisteret. Årsregnskapene til datterselskapene publiseres heller ikke. Brukerne av regnskapene har i hovedsak vært ansatte i konsernet, slik at norsk oversettelse er følgelig et rent ekstraarbeid som påfører selskapene unødvendige kostnader og merarbeid."*

**Skattedirektoratets vurdering og konklusjon**

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."

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*

Postadresse

Postboks 9200 Grønland  
0134 Oslo

skattedirektoratet@skatteetaten.no

Besøksadresse

Fredrik Selmers vei 4  
Org. nr: 974761076

Sentralbord

800 80 000

Telefaks

22 17 08 60



*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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

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

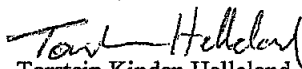
Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjonen som skal vurderes ved en dispensasjonssøknad. Selskapenes virksomhet skjer i sin helhet i utlandet, og de har ikke egne ansatte. Selskapenes eier er allerede innvilget tilsvarende dispensasjon.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Jan Hoelstad



## Annual Report 2021 DNO Yemen AS

- Income statement
- Balance sheet
- Notes

Org.no.: 984308736



**DNO Yemen AS**

**Income statement (USD thousand)**

	1 January - 31 December		
	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>OPERATING EXPENSES</b>			
Other operating expenses	2	2,620.6	5,611.3
<b>Total operating expenses</b>		<b>2,620.6</b>	<b>5,611.3</b>
<b>OPERATING PROFIT/-LOSS</b>			
		<b>-2,620.6</b>	<b>-5,611.3</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Other interest income		1.5	4.9
Other financial expenses		-	-2.1
Net gain/-loss on foreign exchange transactions		-2.2	13.8
<b>Net financial income/-expenses</b>		<b>-0.7</b>	<b>16.6</b>
<b>PROFIT/-LOSS BEFORE TAX</b>			
		<b>-2,621.4</b>	<b>-5,594.7</b>
Tax income/-expense	3	-	-292.6
<b>NET PROFIT/-LOSS</b>			
		<b>-2,621.4</b>	<b>-5,887.2</b>

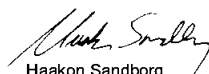


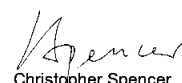
## DNO Yemen AS

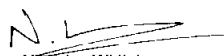
### Balance sheet (USD thousand)

<b>Assets</b>	<b>Note</b>	Years ended 31 December	
		<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		56.8	516.9
<b>Total current assets</b>		<b>56.8</b>	<b>516.9</b>
<b>TOTAL ASSETS</b>		<b>56.8</b>	<b>516.9</b>
<b>Equity and liabilities</b>			
<b>EQUITY</b>			
<b>Paid-in capital</b>			
Share capital		45,544.3	45,544.3
<b>Total paid-in capital</b>		<b>45,544.3</b>	<b>45,544.3</b>
<b>Other equity</b>			
Uncovered loss		-98,264.2	-95,642.9
<b>Total retained earnings</b>		<b>-98,264.2</b>	<b>-95,642.9</b>
<b>Total equity</b>	5	<b>-52,719.9</b>	<b>-50,098.5</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term intercompany liabilities	4	26,615.5	24,507.6
<b>Total other long-term liabilities</b>		<b>26,615.5</b>	<b>24,507.6</b>
<b>Current liabilities</b>			
Group liabilities	4	1,277.1	1,276.5
Taxes payable	3	-	332.5
Other short-term liabilities	4,6	24,884.1	24,498.7
<b>Total current liabilities</b>		<b>26,161.2</b>	<b>26,107.8</b>
<b>Total liabilities</b>		<b>52,776.7</b>	<b>50,615.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56.8</b>	<b>516.9</b>

Oslo, 21 June 2022

  
Haakon Sandborg  
Managing Director

  
Christopher Spencer  
Chairman

  
Nicholas Whiteley  
Board member



DNO Yemen AS  
Notes to the accounts 2021

## Note 1 Accounting principles

### Basis for preparation

The financial statements of DNO Yemen AS have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small companies.

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### Going concern

As of 31 December 2021, production start-up at the Yaalen field at Block 47 in Yemen remains on hold due to suspension of operations caused by the civil war. At yearend 2021, gross contingent (2C) resources at Block 47 stood at 6.2 MMbbls (4.8 MMbbls net to the company), unchanged from yearend 2020. The company's book equity at yearend 2021 is otherwise negative. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption.

### Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

### Foreign currency

The company's financial statements are presented in USD which also is the company's functional currency. Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary items denominated in foreign currencies are translated to USD using the balance sheet date exchange rates. Realized and unrealized currency gains and losses, including translation differences, are recognized as financial items in the income statement.

### Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

### 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 premium as the discount rate. Where discounting is used, the carrying amount of 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.

### Taxes

Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income, including yearend loss carry-forwards, calculated at tax rates applicable at the balance sheet date. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount. Deferred tax assets are recognized only to the extent that it is probable that the company will have future taxable income, against which the asset can be utilized.

The income tax expense is comprised of both tax payable for the period, and changes in deferred tax.

From 2013, operating income and operating expenses from Petroleum activities outside Norway are not taxable or deductible in accordance with The Norwegian General Tax Act section 2-39. In general financial items are not exempt from the above mentioned section 2-39, and are therefore taxable or deductible. Interest expenses are deductible in accordance with section 6-91.



DNO Yemen AS  
Notes to the accounts 2021

## Note 2 Other operating expenses

The company had a workforce of two people engaged in the operations in Yemen at yearend 2021, both working in Yemen.

### Other operating expenses

Other operating expenses in 2021 relate mainly to legal costs.

## Note 3 Taxes

### Tax income/-expense

USD thousand	1 January - 31 December	
	2021	2020
Taxes payable	-	332.5
Change in deferred taxes	-	-
Change in tax expense from prior years	-	-40.0
<b>Tax income/-expense</b>	<b>-</b>	<b>292.5</b>

Tax effects on temporary differences relate to the following items:

USD thousand	Years ended 31 December	
	2021	2020
Tax losses carried forward	373.5	-
<b>Total deferred tax assets/-liabilities</b>	<b>373.5</b>	<b>-</b>
Deferred tax asset allowance	-373.5	-
<b>Recognized deferred tax assets</b>	<b>-</b>	<b>-</b>
<b>Recognized deferred tax liabilities</b>	<b>-</b>	<b>-</b>

The tax rate in Norway in 2021 and 2020 was 22 percent. The tax rate has been used to calculate deferred taxes, if applicable.

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

### Income tax payable/-receivable

USD thousand	Years ended 31 December	
	2021	2020
Income tax payable	-	332.5
Tax effect group contribution	-	-
Taxes payable from previous year(s)	-	-
<b>Net tax payable/-receivable</b>	<b>-</b>	<b>332.5</b>

## Note 4 Intercompany, short-term receivables and liabilities

The company has a loan from the parent company. The loan is not interest bearing as the licence operated by the company is in the exploration phase.

Long-term intercompany liabilities at yearend 2021 of USD 26.6 million (USD 24.5 million at yearend 2020) are mainly with parent company DNO ASA.

Short term liabilities to group companies amount to USD 1.3 million at yearend 2021 (USD 1.3 million at yearend 2020).

Other short-term liabilities comprise mainly of a provision related to the Block 53 (USD 14.0 million) and Block 32 (USD 1.4 million) arbitration awards, unchanged from previous years, and working capital in the licenses including license accruals.

All of the company's short term receivables and short-term liabilities are due within one year.



DNO Yemen AS  
Notes to the accounts 2021

## Note 5 Shareholders' equity

### Movement in shareholders' equity:

USD thousand	Share capital	Uncovered losses	Total
Shareholders' equity on 1 January 2021	45,544.3	-95,642.9	-50,098.5
Profit/loss for the year	-	-2,621.4	-2,621.4
Shareholders' equity on 31 December 2021	45,544.3	-98,264.2	-52,719.9

### Share capital as of 31 December:

	2021
Share capital, NOK	291,000,000
Number of shares	291,000
Par value, NOK	1,000

The company is fully owned by DNO ASA.

As of 31 December 2021, production start-up at the Yaalen field at Block 47 in Yemen remains on hold due to suspension of operations caused by the civil war. At yearend 2021, gross contingent (2C) resources at Block 47 stood at 6.2 MMbbls (4.8 MMbbls net to the company), unchanged from yearend 2020. The company's book equity at yearend 2021 is otherwise negative. Currently the company is mainly financed through parent company debt and the parent company intends to continue to provide financial support in the manner it has already done to date and in such a way that the company is able to meet its financial obligations. The board expects the company to continue the business over the next 12 months, but emphasizes that there is uncertainty related to the going concern assumption. In accordance with the Accounting Act section 3-3, the financial statements have been prepared on a going concern assumption.

## Note 6 Guarantees and commitments

### Contractual obligations/license commitments

At yearend 2021, the company has no contractual obligations in Block 47 while in suspension. All commitment wells have been drilled to date.

### Contingent liabilities and contingent assets

Disputes with Ministry of Oil and Minerals of Yemen (MOM) – Block 43.

DNO Yemen AS was involved in a dispute with MOM with respect to DNO Yemen AS relinquishment of Block 43 in 2016. An arbitral award was rendered on 18 February 2020 in DNO Yemen AS' favor for USD 6.7 million (almost entirely dismissing the USD 131 million counterclaim of the MOM). The asset related to this arbitration award has not been recognized.

As part of the Block 43 arbitral award in 2020 (above), a cost recovery audit was mandated for the years 2014 and 2015. In 2021, MOM filed an arbitration claim against DNO Yemen AS for allegedly over-recovered costs of USD 17.2 million from the Ministry in 2014 and 2015. The company does not provide further information with respect to this arbitration dispute and the associated risk for the company, especially with regards to the measures taken in this context, in order not to impair the outcome of the proceedings. No provision for a liability was made at yearend 2021 related to this dispute.



Statsautoriserte revisorer  
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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DNO Yemen AS

### Opinion

We have audited the financial statements of DNO Yemen AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement 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 2021 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### 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.

### Material uncertainty related to going concern

We draw attention to notes 1, 5 and 6 which describe that the Company's operations in Yemen are in force majeure and there is no certainty as to when this will be lifted. As of 31.12.2021, the Company has a negative equity of USD 52,7 million and is dependent on financial support from its parent company DNO ASA. These events or conditions, along with other matters as set forth in notes 1, 5 and 6, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of management for the financial statements

Management (the Board of Directors and the Managing Director) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 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



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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.

Oslo, 21 June 2022  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Jon-Michael Grefsrød  
State Authorised Public Accountant (Norway)



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## Jon-Michael Grefsrød

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