



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: Ørjan Gjerde
Dato for fastsettelse av årsregnskapet: 20.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 07.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Revenues	3	5 371 967 000	3 400 238 000
Sum inntekter		5 371 967 000	3 400 238 000
Kostnader			
Cost of goods sold	4,9	1 897 479 000	1 573 343 000
Payroll expenses	6	90 743 000	91 269 000
Depreciation non oil & gas assets	9	16 159 000	19 565 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9	2 475 263 000	194 889 000
General and administrative expenses	7	68 824 000	66 887 000
Exploration expenses	5,8	633 283 000	1 024 943 000
Sum kostnader		5 181 751 000	2 970 896 000
Driftsresultat		190 216 000	429 342 000
Finansinntekter og finanskostnader			
Financial income	10	69 821 000	2 939 000
Sum finansinntekter		69 821 000	2 939 000
Financial expenses	10	209 346 000	274 385 000
Sum finanskostnader		209 346 000	274 385 000
Netto finans		-139 525 000	-271 446 000
Ordinært resultat før skattekostnad			
Tax income/-expense	11	14 290 000	107 443 000
Ordinært resultat etter skattekostnad		36 401 000	50 453 000
Årsresultat		36 401 000	50 453 000
Overføringer og disponeringer			
Tilleggsutbytte		-300 000 000	
Udekket tap		36 401 000	50 453 000
Distributed dividend		300 000 000	
Sum overføringer og disponeringer		36 401 000	50 453 000



Resultatregnskap

Beløp i: NOK	Note	2022	2021
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Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	11	150 170 000	0
Goodwill	8	486 596 000	486 596 000
E&A and other intangible assets	8	752 955 000	848 503 000
Sum immaterielle eiendeler		1 389 721 000	1 335 099 000
Varige driftsmidler			
Property, plant and equipment	9	2 631 269 000	4 647 720 000
Sum varige driftsmidler		2 631 269 000	4 647 720 000
Finansielle anleggsmidler			
Lease receivable		0	2 096 000
Sum finansielle anleggsmidler		0	2 096 000
Sum anleggsmidler		4 020 990 000	5 984 915 000
Omløpsmidler			
Varer			
Fordringer			
Trade receivables and other current assets	12	1 220 316 000	1 148 141 000
Sum fordringer		1 220 316 000	1 148 141 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	2 148 342 000	1 415 952 000
Sum bankinnskudd, kontanter og lignende		2 148 342 000	1 415 952 000
Sum omløpsmidler		3 368 658 000	2 564 093 000
SUM EIENDELER		7 389 648 000	8 549 008 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2022	2021
Egenkapital			
Innskutt egenkapital			
Share capital	14	152 702 000	152 702 000
Overkurs		5 943 706 000	5 943 706 000
Sum innskutt egenkapital		6 096 408 000	6 096 408 000
Opptjent egenkapital			
Retained earnings		-4 098 985 000	-3 835 385 000
Sum opptjent egenkapital		-4 098 985 000	-3 835 385 000
Sum egenkapital		1 997 423 000	2 261 023 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	0	1 139 681 000
Lease liabilities	17	43 284 000	43 917 000
Provisions for other liabilities and charges	17	2 676 112 000	2 475 175 000
Sum avsetninger for forpliktelser		2 719 396 000	3 658 773 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	15	261 917 000	837 843 000
Sum annen langsiktig gjeld		261 917 000	837 843 000
Sum langsiktig gjeld		2 981 313 000	4 496 616 000
Kortsiktig gjeld			
Interest bearing liabilities to credit institutions	15	83 088 000	0
Income tax payable	11	1 239 493 000	291 541 000
Kortsiktig konserngjeld	18	0	479 388 000
Trade payables and other current liabilities	16	1 064 565 000	976 007 000
Current lease liabilities	17	15 244 000	11 397 000
Provisions for other liabilities and charges	17	8 522 000	33 036 000
Sum kortsiktig gjeld		2 410 912 000	1 791 369 000
Sum gjeld		5 392 225 000	6 287 985 000
SUM EGENKAPITAL OG GJELD		7 389 648 000	8 549 008 000



Statsautoriserte revisorer
Ernst & Young AS

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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 2022, statement of comprehensive income, statement of cash flows and statement of changes in equity 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 2022 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 and fair presentation of the financial statements 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, 23 June 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Independent auditor's report - DNO Norge AS 2022

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

Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5999-4-1529830

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DNO NORGE AS

ANNUAL REPORT 2022

Directors' Report

Financial Statements

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- **Statement of Cash Flows**
- **Statement of Changes in Equity**
- **Notes**



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 eight fields in the NCS.

Before yearend 2022, the Company submitted field development plans under a favorable Norwegian temporary tax program for Andvare (DNO 32 percent) and Berling (30 percent following acquisition of another 10 percent in the fourth quarter of 2022). A third DNO field development that was matured towards a 2022 investment decision was the operated Brasse project (50 percent) also offshore Norway, via a tieback to Oseberg platform, but the Company decided not to progress the project. Instead, the Company initiated a fast-track, low-cost review of an alternative tieback of Brasse to the Brage platform together with OKEA, which is Brage operator and has become a partner in Brasse with 50 percent.

Two of six exploration wells drilled in 2022 led to commercial discoveries (Ofelia 10 percent and Kveikje 29 percent).

Production

The Company achieved a net production of 13 035 barrels of oil equivalent per day (boepd) during 2022 (2021: 12 469 boepd).

Reserves

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.

At yearend 2021, the Company held 73 licenses in Norway in various stages of exploration, development and production. Across its portfolio and on a net basis, the Company's 1P reserves totalled 33.2 MMboe, 2P reserves stood at 52.3 MMboe, 3P reserves totalled 70.2 MMboe and 2C resources stood at 112.3 MMboe.

FINANCIAL REVIEW

Total revenues in 2022 stood at NOK 5 372.0 million, compared to NOK 3 400.2 million in 2021. The increase in revenues were driven by higher realised commodity prices, partially offset by a decrease in lifted crude volumes.

The Company had an operating profit of NOK 190.2 million in 2022, compared to NOK 429.3 million in 2021. The operating profit in 2022 was primarily driven by increased gross profit following the increase in commodity prices, offset by higher impairments related to the Ula area.

In 2022, the total cost of goods sold was NOK 1 897.5 million, compared to NOK 1 573.3 million in 2021. The increase in cost of goods sold was primarily related to higher lifting cost and DD&A, reflecting increase in maintenance cost and reduced 2P reserves.

The Company's total pre-tax impairment charges stood at NOK 2 475.3 million in 2022 (NOK 194.9 million in 2021). The 2022 impairments were mainly related to the full impairment of asset value in the Ula area, following an acceleration of anticipated cessation of production for the fields.

Total expensed exploration costs for the year were NOK 633.3 million, compared to NOK 1 024.9 million in 2021. The decrease in expensed exploration costs was driven primarily by lower expensed drilling activity and seismic purchases.

Net financial expenses for 2022 stood at NOK 139.5 million, compared to NOK 271.4 million in 2021. The decrease is mainly driven by unrealized foreign exchange gains and decreased interest expense, offset by increased hedging premiums.



Total acquisition and development, exploration and decommissioning spend stood at NOK 1 380.3 million in 2022, compared to NOK 1 916.9 million in 2021. The decrease mainly relates to decommissioning spend on the Company's operated Oselvar field, where the abandonment of the wells was completed in 2021.

Net financing spend stood at NOK 1 426.6 million in 2022, compared to NOK 14.0 million in 2021. The increase relates to partial repayment of outstanding loans under the Reserve based lending facility, full repayment of outstanding intercompany loans and a NOK 300 million dividend distributed in December 2022.

At yearend 2022, total assets stood at NOK 7 389.7 million, compared to NOK 8 549.0 million at yearend 2021. The decrease in total assets was mainly due to NOK 2 475.3 million in impairments during 2022.

The Company ended the year with NOK 2 148.3 million in cash and NOK 345.0 million in net interest-bearing debt, compared to NOK 1 416.0 million and NOK 1 317.2 million at yearend 2021, respectively.

At yearend 2022, total liabilities stood at NOK 5 392.2 million, compared to NOK 6 288.0 million at yearend 2021. The decrease in liabilities was mainly due to the repayment of NOK 1 113.7 million in external and intercompany debt. The equity ratio stood at 27.0 percent at yearend 2022, compared to 26.4 percent at yearend 2021.

In 2022, the net cash and cash equivalents increased by NOK 732.4 million. The increase was primarily due to strong operational cashflow following the increase in realised commodity prices during the year, partially offset by repayment of debt and distributed dividend.

The tax expense for the year amounted to NOK 14.3 million (NOK 107.4 million in 2021) and the net profit for the year amounted to NOK 36.4 million (NOK 50.5 million in 2021).

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, or incidents that have caused impact on the workforce external environment or assets, occurred in 2022. However, 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 effecting personnel on partner operated activity during 2022.

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. 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. An internal training program ensures familiarity with the BMS. On this basis, DNO Norge is qualified and accepted as an operator in Norway.

The Norwegian Transparency Act, which entered into force on 1 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, will publish and make available its first such report on its website by the deadline date of 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 2022 was good as confirmed through WEC meetings and employee satisfaction surveys.



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 2022, the Company employed 105 staff (2021: 88), of which 46 percent are women and 54 percent men. Sick leave was 2.5 percent during 2022 (2021 :2.9 percent). One male employee has worked part time during 2022. A total of 9 employees were on parental leave. Women had an average of 21 weeks of parental leave and men had an average of 10 weeks of parental leave.

Salary mapping of 2022 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	89%	109%
Level 2	76%	63%
All employees	80%	77%

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 2023.

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 10 January 2023, the Company was awarded participation in 11 exploration licenses, of which one is an operatorship, under Norway's APA 2022 licensing round. Of the 11 new licenses, nine are in the North Sea and two in the Norwegian Sea.

Discovery at the Røver Sør prospect

On 9 February 2023, DNO North Sea confirmed an oil and gas discovery on the Røver Sør prospect in the Norwegian North Sea license PL923 in which the Company holds a 20 percent interest. The discovery well and a follow-on appraisal sidetrack encountered hydrocarbons in three Jurassic Brent Group sandstone reservoirs (Ness, Etive and Oseberg formations). Preliminary estimates of gross recoverable resources are in the range of 17-47 MMboe. The PL923 partnership, which includes Equinor Energy AS (operator), Petoro AS and Wellesley Petroleum AS, consider the discovery to be commercial. Together with a string of recent discoveries in the area, Røver Sør may be tied back to the Equinor-operated Troll field about 10 kilometers to the east.

Discovery at the Heisenberg prospect

On 14 March 2023, DNO North Sea confirmed an oil and gas discovery on the Heisenberg prospect in the Norwegian North Sea license PL827S in which the Company holds a 49 percent interest. Preliminary estimates of gross recoverable resources are in the range of 24-84 million barrels of oil equivalent. A part of the discovery may extend into the adjacent PL248F license in which the Company holds a 20 percent interest. The PL827S partnership, which includes operator Equinor Energy AS (51 percent), considers the discovery commercially interesting as a potential tieback to the Troll field.

Fenja field production start

On 28 April 2023, PL586 license operator Neptune Energy announced that production had commenced at the Fenja field in the Norwegian Sea. The Company holds a 7.5 percent interest in the field, which is projected to deliver gross production of up to 35,000 boepd. The development consists of two subsea templates tied back to the Equinor-operated Njord A platform.

Stavanger, 20 June 2023

Bjørn Kenneth Dale
Chairman of the Board

Christopher Thomas Hyde Spencer
Board member

Øystein Gjerde
Managing Director

Geir Arne Skau
Board member



Statements of comprehensive income

1 January – 31 December

NOK 000	Note		
		2022	2021
Revenues	3	5,371,967	3,400,238
Cost of goods sold	4,9	-1,897,479	-1,573,343
Gross profit		3,474,487	1,826,895
Exploration expenses	5,8	-633,283	-1,024,943
Payroll expenses	6	-90,743	-91,269
General and administrative expenses	7	-68,824	-66,887
Depreciation non oil & gas assets	9	-16,159	-19,565
Impairment of oil and gas assets	9	-2,475,263	-194,889
Operating profit/-loss		190,215	429,342
Financial income	10	69,821	2,939
Financial expenses	10	-209,346	-274,385
Profit/-loss before income tax		50,691	157,896
Tax income/-expense	11	-14,290	-107,443
Net profit/-loss		36,401	50,452
Other comprehensive income, net of tax		-	-
Total comprehensive income, net of tax		36,401	50,452




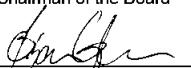
Statements of financial position


Years ended 31 December

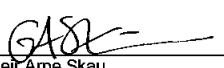
NDK 000	Note	2022	2021
ASSETS			
Non-current assets			
Deferred tax asset	11	150,170	-
Goodwill	8	486,596	486,596
E&A and other Intangible assets	8	752,955	848,503
Property, plant and equipment	9	2,631,269	4,647,720
Lease receivable		-	2,096
Total non-current assets		4,020,990	5,984,915
Current assets			
Trade receivables and other current assets	12	1,220,316	1,148,141
Cash and cash equivalents	13	2,148,342	1,415,952
Total current assets		3,368,658	2,564,093
TOTAL ASSETS		7,389,648	8,549,008
EQUITY AND LIABILITIES			
Equity			
Share capital	14	152,702	152,702
Other reserves		5,943,706	5,943,706
Retained earnings		4,098,985	3,835,385
Total equity		1,997,423	2,261,023
Non-current liabilities			
Deferred tax liabilities	11	-	1,139,681
Interest-bearing liabilities to credit institution	15	261,917	837,843
Lease liabilities	17	43,284	43,917
Provisions for other liabilities and charges	17	2,676,112	2,475,175
Total non-current liabilities		2,981,312	4,496,615
Current liabilities			
Trade payables and other current liabilities	16	1,064,565	976,008
Income taxes payable	11	1,239,493	291,541
Interest-bearing liabilities to credit institution	15	83,088	-
Current interest-bearing liabilities to group companies	18	-	473,388
Current lease liabilities	17	15,244	11,397
Provisions for other liabilities and charges	17	8,522	33,036
Total current liabilities		2,410,913	1,791,370
Total liabilities		5,392,225	6,287,985
TOTAL EQUITY AND LIABILITIES		7,389,648	8,549,008

Stavanger, 20 June 2023


 Bjørn Kenneth Dale
 Chairman of the Board


 Øjgh Gjerde
 Managing Director


 Christopher Thomas Hyde Spencer
 Board member


 Geir Arne Skau
 Board member

**Statement of cashflows**

1 January – 31 December

NOK 000	Note	2022	2021
Operating activities			
Profit/(loss) before tax for the year		50,691	157,896
Adjustments to add/deduct non-cash items:			
Exploration cost capitalized in previous years carried to cost	5	288,762	474,494
Depreciation, depletion and amortization	9	803,378	591,770
Tax Paid-Refunded	11	-347,741	1,390,079
Impairment of oil & gas assets	9	2,475,263	194,889
Other		264,133	114,320
Changes in working capital items and provisions:			
Changes in provisions		2,739	437
Changes in trade receivables		-72,175	-248,960
Changes in trade payables		88,557	-269,281
Changes in other current balance sheet items		-14,266	61,003
Cash generated from operations		3,539,341	2,466,645
Investing activities			
Purchases of intangible assets	8	-527,985	-707,252
Purchases of tangible assets	9	-844,529	-848,249
Payments for decommissioning	17	-7,834	-361,402
Net cash from/-used in investing activities		-1,380,347	-1,916,903
Financing activities			
Repayment of borrowings	15	-1,112,692	-
Dividend	14	-300,000	-
Payments of lease liabilities	17	-13,913	-13,975
Net cash from/-used in financing activities		-1,426,606	-13,975
Net increase/-decrease in cash and cash equivalents		732,389	535,768
Cash and cash equivalents at beginning of the period		1,415,952	880,182
Cash and cash equivalents at end of the period	13	2,148,342	1,415,952
Of which restricted cash	13	113,568	104,933



Statements of changes in equity

NOK 000	Share capital	Other reserves	Other equity	Total equity
Total equity as of 1 January 2021	152,700	4,163,733	-3,885,838	430,595
Profit-loss for the period	-	-	50,452	50,452
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	50,452	50,452
Group contribution received	-	30,000	-	30,000
Capital increase	2	1,749,973	-	1,749,975
Transactions with shareholders	2	1,779,973	-	1,779,975
Total equity as of 31 December 2021	152,702	5,943,706	-3,835,385	2,261,023

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-loss 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
Capital increase	-	-	-	-
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



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 2022 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 20 June 2023.

■ 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;
- Contingencies, provisions and litigations;
- Asset retirement obligations
- Impairment/reversal of impairment of oil and gas assets;
- Impairment of technical goodwill;
- Measurement of fair values;
- Acquisition accounting;
- 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 16 March 2023, classified as in the Norwegian Petroleum Directorate class 1-3.

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.

Contingencies, provisions and litigations

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

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.

Climate considerations in impairment assessment

Climate change and transition to a lower carbon economy is considered in the impairment assessments. In the context of assessing the potential impact on the book values related to the Company's oil and gas assets, certain climate considerations are factored into the Company's estimation of cash flows that are applied in the calculation of recoverable amount. This includes factoring in current legislation in Norway (e.g., environmental taxes/fees) and estimation of future levels of environmental taxes. An energy transition is likely to impact the future oil and gas prices which in turn may affect the recoverable amount of the oil and gas assets. Indirectly, climate considerations are also assessed in the forecasting of oil and gas prices where supply and demand are considered. A significant reduction in the Company's oil and gas price assumptions would result in impairments on certain production and development assets including intangible assets that are subject to impairment assessment under IAS 36, but an opposite revision in the price assumptions would lead to limited impairment reversals as most of the impairments recognized were related to impairment of goodwill which cannot be reversed under IFRS.

In the context of testing robustness of the oil and gas assets against the scenarios from the International Energy Agency (IEA), the Company has applied the Net Zero Emissions Scenario, Announced Pledges Scenario and the Stated Policies Scenario as published by the IEA. These scenarios are commonly applied by peer companies and the Company believes are useful to investors and other stakeholders in assessing portfolio resilience across companies in the industry.

Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (IFRS 13 *Fair Value Measurement*). The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. There are situations when the Company is required to measure fair values of non-financial assets and liabilities, for example, in a business combination including allocation of purchase price or when the Company measures the recoverable amount of an asset at fair value less costs to sell in an impairment testing situation.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The fair value of oil and gas assets is normally based on discounted cash flow models (income approach), where the determination of different inputs in the model requires significant judgment from management, as described in the section above regarding impairment.

Acquisition accounting

The Company applies the acquisition method for transactions involving business combinations and applies the principles of the acquisition method when an interest or an additional interest is acquired in a joint operation which constitutes a business. Application of the acquisition method may require significant judgement in, among other matters, determining and measuring the fair value of the transaction consideration including contingent consideration elements, identifying all assets acquired and liabilities assumed, establishing their fair values, determining deferred taxes, and allocating the purchase price accordingly, including measurement and allocation of goodwill. The judgements applied in acquisition accounting may materially affect the financial statements both in the transaction period and in future periods.

The assets acquired through business combinations are recognized at fair values and, as such, are sensitive to adverse changes in a number of often volatile economic factors, including future oil and gas prices and the underlying performance of the assets.



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.

Assets held for sale are reported at the lower of the carrying amount and the fair value, less selling costs.

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. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.



At the commencement date of a lease, the Company recognizes a liability to make lease payments and an asset representing the right to use the underlying asset (right-of-use (RoU) asset) during the lease term.

The RoU assets are measured to cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The RoU assets are depreciated linearly over the lifetime of the related lease contract.

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.

When the Company, as the operator of a license, is considered to have the primary responsibility for the full lease payments, i.e., a lease contract where the lease agreement (e.g., a rig lease) is entered into DNO's name as the operator of a license at the initial signing, the lease liability may be recognized on gross basis, rather than based on DNO's working interest share. DNO then derecognizes a portion of the RoU asset corresponding to the non-operator's interests in the license (presented under receivables).

In the statements of comprehensive income, operating lease costs, relating to contracts contain a lease, are replaced by depreciation and interest expense. In the cash flow, lease payments related to lease liabilities recognized in accordance with IFRS 16, are presented as cash flow used in financing activities.

The Company's RoU assets mainly relate to office rent and equipment. The Company also leases computers and IT equipment with contract terms of one to three years but has elected to apply the practical expedient on low value assets and does not recognize lease liabilities or RoU assets and the leases are instead expensed when the costs are incurred.

■ 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

An allowance is recognized for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at an approximation of the original effective interest rate.



ECLs are recognized in two stages. For credit exposures with no significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is provided for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

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. 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 2022 but are not considered to have any material impact on the Company's financial statements.



Note 3 Revenues

NOK 000	2022	2021
Sale of oil	2,335,244	1,863,794
Sale of gas	2,683,101	1,316,767
Sale of natural gas liquids(NGL)	275,521	183,654
Tariff income	78,099	36,023
Total revenues from contracts with customers	5,371,967	3,400,238

Note 4 Cost of goods sold

NOK 000	2022	2021
Lifting costs	-832,047	-604,172
Tariff and transportation expenses	-285,794	-289,915
Production cost based on produced volumes	-1,117,841	-894,086
Movement in over/underlift	20,840	-120,552
Production cost based on sold volumes	-1,097,001	-1,014,638
Obsolescence provision	-13,259	13,500
Depreciation, depletion and amortization	-787,220	-572,205
Total cost of goods sold	-1,897,479	-1,573,343

Note 5 Exploration expenses

NOK 000	2022	2021
Exploration expenses, previously capitalised	-288,762	-474,494
Exploration expenses related to licence participation	-163,509	-312,884
Other exploration expenses (seismic, licence rounds etc.)	-181,012	-237,565
Exploration expenses	-633,283	-1,024,943

The Company participated in the completion of six exploration wells during 2022, whereof two discoveries. Four wells were determined not commercial. Well cost related to these drilling campaigns was therefore written off. The write off charge mainly related to PL943 (NOK 126.4 million), Edinburgh (NOK 104.9 million) and PL1085 (NOK 64.6 million).

Note 6 Payroll expenses

NOK 000	2022	2021
Salaries	-170,544	-171,894
Social security tax	-26,950	-25,718
Pension costs	-17,747	-15,537
Other personnel expenses	-6,697	-4,355
Cost recharged to joint ventures and group entities	131,195	126,235
Payroll expenses	-90,743	-91,269

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

The Company had an average of 96 FTE's during 2022 (2021: 85.3 FTE). At year end the Company had 105 employees (2021: 88).



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 2022, the Company's liability for synthetic shares as part of other variable remuneration amounted to NOK 5.0 million (2021: NOK 2.2 million). Recognised cost was NOK 3.9 million in 2022 (2021: NOK 1.2 million).

Key management remuneration

NOK 000	Salary	Pension	Other benefits	Total
Managing Director	4,162	189	338	4,687

No members of the Board of Directors have received any remuneration in 2022 or 2021.

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	2022	2021
Office expenses	-4,813	-1,977
IT expenses	-46,848	-40,795
Travel expenses	-4,441	-546
Professional services	-102,546	-108,261
Cost recharged to joint ventures and group entities	93,505	92,512
Other operating expenses	-9,681	-7,822
Total administrative expenses	-68,824	-66,887

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

Auditor's fees(ex. Vat)

NOK 000	2022	2021
Auditor's fees	-829	-957
Other financial auditing	-	-25
Tax advisory services	-193	-185
Total auditor's fee	-1,022	-1,167



Note 8 Intangible Assets

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

2021 - NOK 000	Goodwill	Exploration assets	Total
As of 1 January 2021			
Acquisition costs	891,396	1,476,045	2,367,441
Accumulated impairments	-322,702	-393,633	-716,335
Net book amount	568,694	1,082,412	1,651,106
Period ended 31 December 2021			
Opening net book amount	568,694	1,082,412	1,651,106
Additions	-	674,337	674,337
Write offs	-82,098	-474,494	-556,592
Transfer to PPE	-	-433,752	-433,752
Closing net book amount	486,596	848,503	1,335,099
As of 31 December 2021			
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

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



Note 9 Property, Plant and Equipment

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	2,568,579	6,879	55,812	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



2021 - NOK 000	Oil & gas assets	Other PP&E	RoU assets	Total
As of 1 January 2021				
Acquisition costs	5,081,883	28,362	87,779	5,198,024
Accumulated impairments	-196,154	-	-	-196,154
Accumulated depreciation	-875,567	-15,634	-15,600	-906,801
Net book amount	4,010,161	13,267	72,180	4,095,608
Period ended 31 December 2021				
Opening net book amount	4,010,161	13,267	72,180	4,095,608
Additions	833,142	740	1,809	835,691
Disposals	-	-	-12,770	-12,770
Impairments	-112,791	-	-	-112,791
Depreciation	-572,205	-8,016	-11,549	-591,770
Transfer from intangible assets	433,752	-	-	433,752
Closing net book amount	4,592,059	5,992	49,669	4,647,720
As of 31 December 2021				
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

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 2022.

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 2022 were as follows (yearend 2021 in brackets):

	2023	2024	2025	2026
Brent (USD/bbl)	88.6 (76.9)	88.5 (70.4)	85.0 (68.3)	78.4 (70.0)
NBP (pence/therm)	289.0 (158.3)	179.4 (77.4)	65.5 (65.5)	57.8 (57.6)



For periods after year 2026, 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 2022).

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 2022 were 8.4 percent (7.7 percent at yearend 2021).

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 2021). 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 2022, was USD/NOK 9.5 for the years 2023 and 2024 and thereafter kept constant at USD/NOK 9.0 from the year 2025 onward.

Impairment charge and reversal

NOK 000	2022	2021
Oselvar	16,470	18,115
Brasse	-434,130	-
Ula CGU	-2,058,473	-212,898
Other	870	-105
Total	-2,475,263	-194,889

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)

During 2021, a total impairment charge of NOK 194.9 million (NOK 106.9 million post-tax) was recognized, mainly driven by:

- Revised reserves and resource estimates, and cost profiles (Ula area CGU)
- Downward revision in the cost estimate for decommissioning (Oselvar field)



Note 10 Net financial items

NOK 000	2022	2021
Interest income	31,003	2,939
Foreign exchange gains(net)	38,657	-
Other financial income	161	-
Financial income	69,821	2,939
Interest expenses	-46,883	-125,205
Foreign exchange losses(net)	-	-28,184
Other financial expenses	-162,462	-120,997
Financial expenses	-209,346	-274,385
Net financial items	-139,524	-271,446

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	2022	2021
Tax (payable)/refund on profit/loss	-1,441,609	679,778
Change in deferred tax asset/liability	1,442,623	-758,559
Tax refund booked against balance sheet	-8,448	-32,948
Change regarding previous years	-6,856	4,286
Income tax (expense)/benefit	-14,290	-107,443
RECONCILIATION OF INCOME TAX (EXPENSE)/BENEFIT		
NOK 000	2022	2021
Profit/(loss) before taxes	50,691	157,896
Calculated tax according to petroleum tax rate (78 %)	-39,539	-123,159
Permanent differences, incl. Impairment of goodwill	5,731	-38,689
Effect of uplift	46,221	175,837
Effect of change in tax rates	14,681	-
Other items, incl finance and onshore	-34,528	-125,720
Adjustment previous years	-6,856	4,286
Income tax (expense)/benefit	-14,290	-107,443
Effective tax rate	28.2 %	68.0 %



DEFERRED TAX SPECIFICATION

NOK 000	2022	2021
Oil & gas assets	-1,931,779	-3,191,239
Office equipment	4,254	5,078
Other items	7,320	8,619
Asset Retirement obligation	2,078,213	1,942,739
Borrowing cost valued at estimated tax rate 22% (2021: 30%)	-7,837	-55,764
Deferred tax on future uplift	-	319
Uplift offshore (56%)	-	91,867
Tax loss carried forward	-	58,700
Deferred tax asset/ liability(-)	150,170	-1,139,681

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 percent, the special tax rate is increased to 71.8 percent.

Losses in the corporate tax basis are not eligible for refund but can be carried forward. The tax value of unused uplift and carried forward losses as of yearend 2021 will be paid out in connection with the 2022 tax assessment in November 2023 or offset tax installments on 2022 taxable profits.

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	2022	2021
Tax (payable)/receivable at 1 January	-291,541	410,205
Tax (payable)/receivable in the income statement	-1,441,609	679,778
Tax paid/refunded(-)	347,741	-1,390,079
Prior period adjustment	-4,801	8,555
Reclassification from deferred tax asset	150,716	-
Tax (payable)/receivable at 31 December	-1,239,493	-291,541

Note 12 Trade receivables and other current assets

NOK 000	2022	2021
Trade receivables	77,650	38,755
Other current receivables	35,728	42,463
Intercompany receivables	15,403	6,211
Stock in joint ventures	111,318	130,786
Working capital receivables in joint ventures	348,934	256,644
Prepayments & Accrued Income	512,836	558,665
VAT receivables	23,906	8,949
Underlift	94,542	104,661
Lease receivable	-	1,007
Trade receivables and other current assets	1,220,316	1,148,141



Note 13 Cash and cash equivalents

NOK 000	2022	2021
Bank deposits, restricted	113,568	104,933
Bank deposits, unrestricted	2,034,774	1,311,018
Cash and cash equivalents	2,148,342	1,415,952

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 2021	76,170,100	152,700
Share issued in 2021	2,000	2
Total as of 31 December 2021	76,172,100	152,702
Share issued in 2022	-	-
Total as of 31 December 2022	76,172,100	152,702

On 1 December 2021, an extraordinary general meeting resolved to issue 2 000 shares by way of a debt to equity conversion. Share premium was NOK 1 750.0 million.

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

Note 15 Borrowings

NOK 000	Facility currency	Facility amount	Interest (percent)	Maturity	Fair value		Carrying amount	
					2022	2021	2022	2021
Non-current								
Reserve based lending facility	USD	350.0	see below	07.11.26	261,917	837,843	261,917	837,843
Total non-current interest-bearing liabilities					261,917	837,843	261,917	837,843
Current								
Reserve based lending facility	USD	350.0	see below	07.11.26	83,088	-	83,088	-
Total current interest-bearing liabilities					83,088	-	83,088	-
Total interest-bearing liabilities to credit institution					345,006	837,843	345,006	837,843

The Company had available a revolving exploration financing facility (EFF) in an aggregate amount of NOK 250 million with an uncommitted accordion option of NOK 750 million. The interest rate equaled NIBOR plus a margin of 1.70 percent. The facility was terminated in October 2022. The Company had not utilized the facility in 2021 or 2022.

The DNO North Sea plc group, where the Company is subsidiary has a reserve-based lending (RBL) facility in relation to its Norway and UK licenses with a total facility amount of USD 350 million which is available for both debt and issuance of letters of credit. An additional tranche of USD 350 million is available on an uncommitted accordion basis. Interest charged on utilizations is based on the LIBOR, NIBOR or EURIBOR rates (depending on the currency of the drawdown) plus a margin ranging from 2.75 to 3.25 percent. The facility will amortize over the loan life with a final maturity date of 7 November 2026. 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 amount utilized as of the reporting date is disclosed in the table above. In addition, USD 17.6 million (2021: USD 16.1 million) is utilized in respect of letters of credit.

Note 16 Trade payables and other current liabilities

NOK 000	2022	2021
Trade payables	106,468	166,074
Intercompany payables	23,589	55,432
Working capital liabilities in joint ventures	369,188	348,030
Salary accruals	41,922	37,177
Other accrued expenses	310,592	247,924
Public duties payable	21,446	23,950
Deferred income and overlift	191,362	97,423
Trade payables and other current liabilities	1,064,565	976,008

Note 17 Provisions

NOK 000	2022	2021
Non current		
Asset retirement obligation	2,676,112	2,475,175
Total non-current provisions	2,676,112	2,475,175
Lease liability	43,284	43,917
Total non-current lease liability	43,284	43,917
Current		
Asset retirement obligation	3,534	30,787
Other provisions	4,988	2,249
Total current provisions	8,522	33,036
Lease liability	15,244	11,397
Total current lease liability	15,244	11,397

The total ARO of NOK 2.7 billion ('BNOK') (2021: BNOK 2.5) 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 25 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 2022 are 2 percent (2021: 2 percent) inflation and a discount rate in the range of 4.5-4.8 percent (2021 3.2-3.7 percent) based on time until cessation of production.



Note 18 Related parties

NOK 000	2022	2021
Current		
Loans from group companies	-	-479,388
Intercompany receivables	15,403	6,211
Intercompany payables	-23,589	-55,432
Net short term balance with related parties	-8,186	-528,609
Transactions with group companies		
Purchase of business services	-28,367	-31,514
Sale of business services	34,341	32,614
Interest expense	-11,212	-99,974
Net transactions with related parties	-5,238	-98,874

The Company's intercompany loans, was from parent Company DNO North Sea plc. In December 2021, NOK 1.75 billion of the loan balance, was converted to equity. The remaining balance was repaid in September 2022. 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.

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. In 2022, the Company had gas price put options in place with strike prices of GBP 79 -110 pence per therm, securing approximately 75 percent of after-tax profit from estimated 2022 gas production. The Company had no oil and gas price hedging arrangements at yearend 2022.

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 2022.



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 2022. 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 2022, the DNO North Sea plc group had available RBL in relation to its Norway and UK licenses with a total facility amount of USD 350 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 2022, the Company held 68 licenses on the Norwegian continental shelf.

As of 31 December 2022:

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	ConocoPhillips Skandinavia AS	ConocoPhillips 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
PL627 S	49.0	Equinor Energy AS	DNO Norge AS
PL636 S	30.0	Wintershall Dea Norge AS	DNO Norge AS, Spirit Energy Norway AS
PL636 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

At yearend 2021, the Company held 73 licenses on the Norwegian continental shelf.

As of 31 December 2021:

Region/license	Participating interest (percent)	Operator	Partner(s)
Norway			
PL006 C	65.0	DNO Norge AS	Aker BP ASA
PL006 E	85.0	DNO Norge AS	Aker BP ASA
PL006 F	85.0	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
PL1006	30.0	Equinor Energy AS	DNO Norge AS
PL1007	40.0	DNO Norge AS	OMV (Norge) AS, Spirit Energy Norway AS, Equinor Energy AS



PL1027	20.0	Lundin Norway AS	DNO Norge AS, Wintershall Dea Norge AS, INPEX Norge AS
PL1029	40.0	Lundin Norway AS	DNO Norge AS, Spirit Energy Norway AS
PL1036	60.0	DNO Norge AS	Source Energy AS
PL1048	50.0	Lundin Energy Norway AS	DNO Norge AS
PL1070	30.0	Total E&P Norge AS	DNO Norge AS, Vår Energi AS
PL1076	50.0	Equinor Energy AS	DNO Norge AS
PL1077	40.0	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
PL1127	20.0	Equinor Energy AS	DNO Norge AS, TotalEnergies EP Norge 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
PL248 HS	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
PL924	15.0	Wellesley Petroleum AS	DNO Norge AS, Equinor Energy AS, Lundin Energy Norway 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
PL967	60.0	DNO Norge AS	Equinor Energy 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
PL983	20.0	Equinor Energy AS	DNO Norge AS, TotalEnergies EP Norge AS, Petoro 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
PL986	20.0	Aker BP ASA	DNO Norge AS, Petoro 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 2022 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 2022 amounted to NOK 3 397 million. The projected operational spend reflect the Company's share of planned drilling and facility investments and decommissioning plan in its licenses in 2023. Execution of these work plans is subject to revisions.



Note 21 Oil and gas reserves (unaudited)

Net reserves by field as of 31 December 2022

MMboe	Proven (1P)				Proven and probable (2P)				Proven, probable and possible (3P)			
	Oil	NGL	Gas	Total	Oil	NGL	Gas	Total	Oil	NGL	Gas	Total
Alve	0.3	0.3	1.6	2.3	0.6	0.9	3.0	4.5	0.8	1.4	4.7	6.9
Andvare	0.1	0.5	2.6	3.2	0.2	0.8	3.7	4.7	0.3	1.2	5.1	6.7
Berling	1.0	0.7	3.5	5.2	1.5	1.1	4.9	7.4	2.1	1.5	6.3	9.9
Brage	0.9	0.1	0.2	1.2	1.3	0.2	0.4	1.9	2.1	0.3	0.7	3.1
Fenja	1.7	0.1	0.6	2.4	2.7	0.1	0.8	3.5	4.0	0.1	1.1	5.1
Marulk	-	0.2	0.6	0.8	-	0.2	0.8	1.0	-	0.2	0.9	1.1
Oda (Ula area)	1.3	-	0.1	1.4	1.5	0.1	0.1	1.7	1.7	0.1	0.1	1.9
Ringhorne East	1.3	-	-	1.3	1.8	-	-	1.8	2.3	-	-	2.3
Tambar (Ula area)	1.4	0.1	0.3	1.7	2.0	0.1	0.4	2.5	2.4	0.1	0.5	3.0
Tambar East (Ula area)	0.2	-	-	0.2	0.7	0.1	0.1	0.9	1.3	0.2	0.2	1.7
Trym	0.2	-	1.0	1.2	0.3	-	1.0	1.3	0.4	-	1.5	1.9
Ula (Ula area)	1.2	0.1	-	1.3	1.7	0.2	-	1.9	1.8	0.2	-	2.0
Vilje	2.3	-	-	2.3	2.5	-	-	2.5	2.7	-	-	2.7
Total	11.9	2.1	10.5	24.6	16.8	3.8	15.2	35.8	21.9	5.3	21.1	48.1

Development of net reserves

MMboe	1P	2P	3P
As of 1 January 2021	40.0	63.1	94.0
Production	-4.5	4.5	4.5
Acquisitions	-	-	-
Divestments	-	-	-
Extensions and discoveries	-	-	-
New developments	-	-	-
Revision of previous estimates	-2.2	-6.2	-19.3
As of 31 December 2021	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

The reserves are according to the Annual Statement of Reserves and Resources (ASRR), as published by DNO ASA, dated 15 March 2023. The reported reserves fall within class 1-3 of the Norwegian Petroleum Directorate (NPD) classification and 2C resources fall within classes 4, 5 and 7 of the NPD classification.

International petroleum consultants RPS Energy Consultants carried out an independent assessment of the Company's licenses in Norway.

The estimation of oil and gas reserves involves uncertainty. The figures above represent management's best judgment of the most likely quantity of economically recoverable oil and gas estimated at yearend, given the information at the time of reporting. The estimates have a large spread especially for fields for which there is limited data available. The uncertainty will be reduced as more information becomes available through production history and reservoir appraisal. In addition, for fields in the decline phase with limited remaining volumes, fluctuations in oil prices will have a significant impact on the profitability and hence the economic cut-off for production.



Note 22 Significant events after the reporting date

DNO receives 11 awards in Norway's APA licensing round

On 10 January 2023, the Company was awarded participation in 11 exploration licenses, of which one is an operatorship, under Norway's APA 2022 licensing round. Of the 11 new licenses, nine are in the North Sea and two in the Norwegian Sea.

Discovery at the Røver Sør prospect

On 9 February 2023, DNO North Sea confirmed an oil and gas discovery on the Røver Sør prospect in the Norwegian North Sea license PL923 in which the Company holds a 20 percent interest. The discovery well and a follow-on appraisal sidetrack encountered hydrocarbons in three Jurassic Brent Group sandstone reservoirs (Ness, Etive and Oseberg formations). Preliminary estimates of gross recoverable resources are in the range of 17-47 MMboe. The PL923 partnership, which includes Equinor Energy AS (operator), Petoro AS and Wellesley Petroleum AS, consider the discovery to be commercial. Together with a string of recent discoveries in the area, Røver Sør may be tied back to the Equinor-operated Troll field about 10 kilometers to the east.

Discovery at the Heisenberg prospect

On 14 March 2023, DNO North Sea confirmed an oil and gas discovery on the Heisenberg prospect in the Norwegian North Sea license PL827S in which the Company holds a 49 percent interest. Preliminary estimates of gross recoverable resources are in the range of 24-84 million barrels of oil equivalent. A part of the discovery may extend into the adjacent PL248F license in which the Company holds a 20 percent interest. The PL827S partnership, which includes operator Equinor Energy AS (51 percent), considers the discovery commercially interesting as a potential tieback to the Troll field.

Fenja field production start

On 28 April 2023, PL586 license operator Neptune Energy announced that production had commenced at the Fenja field in the Norwegian Sea. The Company holds a 7.5 percent interest in the field, which is projected to deliver gross production of up to 35,000 boepd. The development consists of two subsea templates tied back to the Equinor-operated Njord A platform.



Skattedirektoratet

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

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Org.nr: 996250318 Telefaks
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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