

# DNO ASA Report

## 2022 Interim Results



## Key figures

USD million	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
<b>Key financials</b>					
Revenues	338.1	338.9	396.5	1,377.0	1,004.1
EBITDAX	244.2	274.4	267.4	1,116.0	739.3
EBITDA	226.7	249.0	208.8	1,019.5	606.9
Operating profit/-loss	-76.2	190.7	128.2	431.4	320.9
Net profit/-loss	42.6	129.6	64.8	384.9	203.9
Free cash flow	149.8	150.8	227.4	618.8	362.0
Operational spend	193.1	191.5	170.5	741.4	663.8
Net cash/- debt	388.2	251.7	-153.4	388.2	-153.4
Lifting costs (USD/boe)	7.8	6.3	5.1	6.5	5.3
<b>Key operational data</b>					
Gross operated production (boepd)	107,822	109,054	107,472	107,637	108,713
Net production (boepd)*	95,697	95,698	94,175	93,983	94,477
Sales volume (boepd)	40,770	36,348	52,655	38,444	42,171

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

\* Excludes production from equity accounted investment.

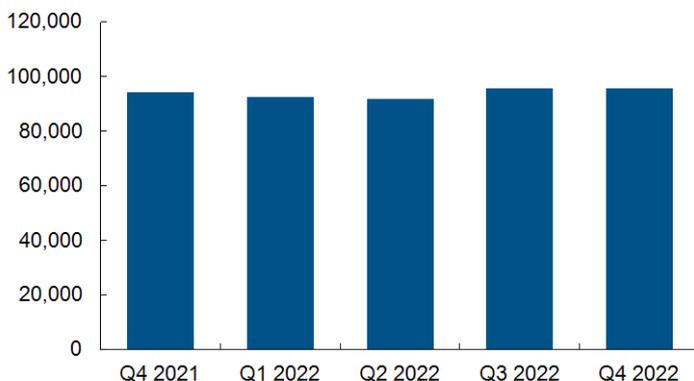
## 2022 highlights

- Record revenues of USD 1,377 million and operating profit of USD 431 million in 2022, driven by high oil and gas prices and solid operational performance but tempered by non-cash North Sea impairments of USD 371 million
- Net profit of USD 385 million up 89 percent from 2021
- Exited the year with cash deposits of USD 954 million and net cash of USD 388 million on the back of an all-time high free cash flow of USD 619 million
- The Company slashed its borrowings through bond repurchases of USD 264 million and repayment of USD 60 million of reserve-based bank loans
- Cash was returned to shareholders through quarterly dividends totaling USD 73 million and share buybacks totaling USD 12 million, representing a fourfold increase in shareholder distributions from a year earlier
- Equity ratio increased with retained earnings and debt reduction
- Gross operated production in the Kurdistan region of Iraq averaged 107,600 barrels of oil per day (bopd) in 2022, of which the Peshkabir field contributed 62,000 bopd and the Tawke field 45,100 bopd. Of the total, 80,700 bopd were net to DNO
- Elsewhere, net production from the North Sea averaged 13,300 barrels of oil equivalent per day (boepd) and 3,300 boepd from West Africa, where the Company holds a nine percent interest in four gas fields offshore Côte d'Ivoire
- Entered West Africa with nine percent stake in four fields offshore Côte d'Ivoire, supplying over 200 MMscf/d of gas or three-quarters of the country's needs

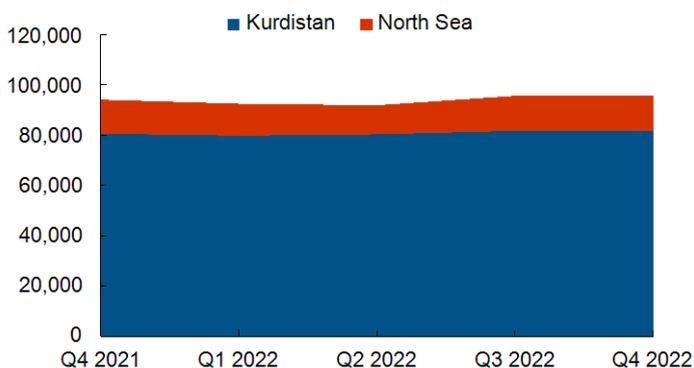
# Operational review

## Production

### Quarterly net production (boepd)



### Net production by segment (boepd)



Gross production from the Company's operated licenses in Kurdistan averaged 107,882 barrels of oil per day (bopd) during the fourth quarter, down from 109,054 bopd in the previous quarter, primarily driven by a Peshkabar production well which was out of production, partly offset by higher Tawke field production.

Net production during the fourth quarter stood at 95,697 barrels of oil equivalent per day (boepd), broadly at the same level as in the previous quarter (95,698 boepd). In Kurdistan, net production averaged 80,720 bopd, down from 81,728 bopd in the previous quarter. Net production from the North Sea averaged 14,976 boepd, up from 13,970 boepd in the previous quarter. The increase in the North Sea production was mainly driven by higher production from Alve gas field following maintenance activities in the previous quarter. In addition, the Company's new West African asset with gas fields offshore Côte d'Ivoire averaged 3,560 boepd during the fourth quarter.

Net entitlement (NE) production averaged 40,594 boepd during the fourth quarter, up from 38,749 boepd in the previous quarter.

Sales volume averaged 40,770 boepd during the fourth quarter, up from 36,348 boepd in the previous quarter. The increase in sales volume was mainly related to the Brage and Alve fields. The net underlift position was 0.41 million barrels of oil equivalent (MMboe) as of Q4 2022 (0.43 MMboe as of Q3 2022).

### Gross operated production

boepd	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	107,822	109,054	107,472	107,637	108,713
North Sea	-	-	-	-	-
<b>Total</b>	<b>107,822</b>	<b>109,054</b>	<b>107,472</b>	<b>107,637</b>	<b>108,713</b>

Table above shows gross operated production from the Group's operated licenses.

### Net production

boepd	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	80,720	81,728	80,604	80,669	81,535
North Sea	14,976	13,970	13,571	13,314	12,942
<b>Total</b>	<b>95,697</b>	<b>95,698</b>	<b>94,175</b>	<b>93,983</b>	<b>94,477</b>

Net production is based on DNO's percentage ownership in the licenses. Not included in the table above, net production from the Company's equity accounted investment, Côte d'Ivoire (West Africa), averaged 3,560 boepd in Q4 2022 (3,327 boepd in 2022).

### Net entitlement (NE) production

boepd	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	25,618	24,779	29,367	25,933	28,091
North Sea	14,976	13,970	13,571	13,314	12,942
<b>Total</b>	<b>40,594</b>	<b>38,749</b>	<b>42,938</b>	<b>39,247</b>	<b>41,033</b>

NE production from the North Sea equals the segment's net production.

### Sales volume

boepd	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	25,618	24,779	29,367	25,933	28,091
North Sea	15,152	11,569	23,289	12,511	14,080
<b>Total</b>	<b>40,770</b>	<b>36,348</b>	<b>52,655</b>	<b>38,444</b>	<b>42,171</b>

Sales volume reflect North Sea lifted volumes and NE for Kurdistan.

# Activity overview

## Kurdistan region of Iraq

### Tawke license

Gross production from the DNO-operated Tawke license, containing the Tawke and Peshkabir fields, averaged 106,496 bopd during the fourth quarter of 2022 (108,481 bopd in Q3 2022). The Peshkabir field contributed 59,360 bopd (62,003 bopd in Q3 2022) and the Tawke field contributed 47,136 bopd (46,478 bopd in Q3 2022) during this period.

Production from the legacy Tawke field delivered three consecutive quarters of production growth in 2022, the first quarterly increases since 2015 as new wells were drilled, workovers conducted on existing ones and gas injection continued to counter natural field decline.

During the fourth quarter of 2022, DNO completed a USD 25 million expansion of Peshkabir-to-Tawke gas project (PGP), Kurdistan's only gas capture and enhanced recovery injection project. Since 2020, PGP has captured 1.2 million tonnes of CO<sub>2</sub>e through avoided flaring.

DNO holds a 75 percent operated interest in the Tawke and Peshkabir fields with partner Genel Energy plc (25 percent).

### Baeshiqa license

Gross production from the DNO-operated Baeshiqa license averaged 1,326 bopd during the fourth quarter of 2022 (573 bopd in Q3 2022) as a second well came onstream in late September. Following a fast-track development with test production commencing from the first discovery well in June 2022, Baeshiqa license ramp-up has been slower than previously expected.

DNO holds a 64 percent operated interest in the license (80 percent paying interest) with partners being TEC with a 16 percent interest (20 percent paying interest) and the KRG with a 20 percent carried interest.

Table below shows the net production (bopd) per field in Kurdistan.

bopd	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Tawke	35,352	34,859	33,452	33,798	35,199
Peshkabir	44,520	46,502	47,152	46,528	46,335
Baeshiqa	849	367	-	343	-
<b>Total</b>	<b>80,720</b>	<b>81,728</b>	<b>80,604</b>	<b>80,669</b>	<b>81,535</b>

## North Sea

Net production averaged 14,976 boepd in the North Sea during the fourth quarter of 2022 (13,970 boepd in Q3 2022), of which 14,509 boepd was in Norway and 467 boepd in the UK (13,626 boepd and 344 boepd in Q3 2022).

Before yearend 2022, DNO submitted field development plans at yearend 2022 under favorable temporary tax program for Andvare (32 percent) and Berling projects (30 percent following acquisition of another 10 percent in Q4 2022). Together with a new partner, the Company initiated a fast-track, low-cost review of potential tie-back of Brasse (50 percent) to Brage platform with Brage operator OKEA (new Brasse partner with 50 percent)

In the fourth quarter of 2022, DNO spudded the Røvær Sør (20 percent) exploration well in the Troll-Gjøa area offshore Norway, following up on its recent exploration success in nearby prospects.

Table below shows the net production (boepd) per field in the North Sea.

boepd	Quarters			Full-2022	Full-Year 2021
	Q4 2022	Q3 2022	Q4 2021		
Alve/Marulk	6,229	4,732	5,847	5,768	5,024
Ula area	6,234	6,670	4,380	4,659	4,635
Vilje	1,320	1,303	1,627	1,295	1,613
Brage	823	808	1,183	1,020	1,218
Ringhorne E.	194	360	374	440	286
Other	176	97	160	131	165
<b>Total</b>	<b>14,976</b>	<b>13,970</b>	<b>13,571</b>	<b>13,314</b>	<b>12,942</b>

Ula area comprises Ula, Tambar, Oda and Blane (UK) fields.

## West Africa

The net production from the Company's equity accounted investment, Côte d'Ivoire (West Africa segment), averaged 3,560 boepd in the fourth quarter of 2022.

The transaction to enter West Africa was completed on 11 October 2022, following which the Company holds a nine percent indirect stake in Block CI-27 offshore Côte d'Ivoire. This block contains the Foxtrot gas field, the Mahi gas field, the Marlin oil and gas field and the Manta gas field, together supplying three-quarters of the country's gas needs.

Through the same transaction, the Company also gained an eight percent indirect stake in Block CI-12 exploration license offshore Côte d'Ivoire.

## Financial review

### Revenues, operating profit and cash

Revenues in the fourth quarter stood at USD 338.1 million, broadly at the same level as in the previous quarter (USD 338.9 million). Kurdistan generated revenues of USD 174.5 million (Q3: USD 197.5 million), while the North Sea generated revenues of USD 163.7 million (Q3: USD 141.4 million). The decrease in Kurdistan revenues was mainly driven by lower oil price compared to the previous quarter. This was almost entirely offset by an increase in the North Sea revenues driven mainly by higher oil and gas volumes sold from the Brage and Alve fields.

The Group reported an operating loss of USD 76.2 million in the fourth quarter, down from an operating profit of USD 190.7 million in the previous quarter, mainly due to impairments recognized related to the Brasse pre-development project and the Ula area CGU.

The Group ended the quarter with a cash balance of USD 954.3 million and USD 388.2 million in net cash position, compared to a cash balance of USD 736.6 million and USD 153.4 million in net interest-bearing debt at yearend 2021.

### Cost of goods sold

In the fourth quarter, the cost of goods sold amounted to USD 145.6 million, up from USD 116.7 million in the previous quarter. The increase in cost of goods sold was mainly explained by higher lifting costs and net overlifting during the quarter.

### Lifting costs

Lifting costs stood at USD 68.5 million in the fourth quarter, up from USD 55.1 million in the previous quarter. In Kurdistan, the average lifting cost was USD 5.3 per barrel, up from USD 4.4 per barrel in the previous quarter mainly related to the Baeshiqa license. In the North Sea, the average lifting cost stood at USD 21.1 per barrel of oil equivalent (boe), up from USD 17.5 per boe in the previous quarter, primarily driven by Ula area CGU and Brage field unit costs. The lifting costs in 2022 includes a provision for obsolete inventory of USD 2.9 million related to the North Sea.

USD million	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	39.4	32.6	26.3	124.7	99.6
North Sea	29.1	22.5	18.0	97.4	84.6
<b>Total</b>	<b>68.5</b>	<b>55.1</b>	<b>44.2</b>	<b>222.1</b>	<b>184.2</b>

(USD/boe)	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	5.3	4.4	3.5	4.2	3.3
North Sea	21.1	17.5	14.4	20.0	17.9
<b>Average</b>	<b>7.8</b>	<b>6.3</b>	<b>5.1</b>	<b>6.5</b>	<b>5.3</b>

### Depreciation, depletion and amortization (DD&A)

DD&A related to the Group's oil and gas production assets amounted to USD 57.4 million in the fourth quarter, broadly at the same level as in the previous quarter (USD 56.8 million).

USD million	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	31.9	30.5	31.8	126.4	120.8
North Sea	25.5	26.3	20.1	84.7	79.2
<b>Total</b>	<b>57.4</b>	<b>56.8</b>	<b>52.0</b>	<b>211.1</b>	<b>200.1</b>

(USD/boe)	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	13.5	13.4	11.8	13.4	11.8
North Sea	18.5	20.5	16.1	17.4	16.8
<b>Average</b>	<b>15.4</b>	<b>15.9</b>	<b>13.2</b>	<b>14.7</b>	<b>13.4</b>

### Exploration costs expensed

Exploration costs expensed in the fourth quarter amounted to USD 17.6 million, down from USD 25.4 million in the previous quarter. The decrease in exploration costs expensed was primarily due to lower expensing of wells.

USD million	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	-	-	1.2	-	2.8
North Sea	17.6	25.4	57.4	96.5	129.6
<b>Total</b>	<b>17.6</b>	<b>25.4</b>	<b>58.6</b>	<b>96.5</b>	<b>132.3</b>

### Capital expenditures

Capital expenditures costs stood at USD 89.0 million in the fourth quarter, of which USD 56.5 million were in Kurdistan and USD 31.5 million in the North Sea.

USD million	Quarters			Full-Year	
	Q4 2022	Q3 2022	Q4 2021	2022	2021
Kurdistan	56.5	55.0	38.8	212.2	94.9
North Sea	31.5	35.0	36.2	161.1	185.1
Other	0.9	0.3	0.6	1.5	0.7
<b>Total</b>	<b>89.0</b>	<b>90.3</b>	<b>75.6</b>	<b>374.8</b>	<b>280.6</b>

## Consolidated statements of comprehensive income

(unaudited, in USD million)	Note	Quarters		Full-Year	
		Q4 2022	Q4 2021	2022	2021
Revenues	2,3	338.1	396.5	1,377.0	1,004.1
Cost of goods sold	4	-145.6	-165.1	-460.9	-443.1
<b>Gross profit</b>		<b>192.6</b>	<b>231.4</b>	<b>916.1</b>	<b>561.0</b>
Share of profit/-loss from Joint Venture	13	6.0	-	6.0	-
Other income/-expenses		1.3	0.4	2.8	0.5
Administrative expenses		-6.8	-9.5	-17.9	-16.2
Other operating expenses		-7.7	-8.3	-7.7	-12.0
Impairment oil and gas assets	7	-244.0	-27.3	-371.3	-80.1
Exploration expenses	5	-17.6	-58.6	-96.5	-132.3
<b>Operating profit/-loss</b>		<b>-76.2</b>	<b>128.2</b>	<b>431.4</b>	<b>320.9</b>
Financial income		10.2	1.8	13.8	26.0
Financial expenses	10	-20.7	-25.0	-98.7	-126.7
<b>Profit/-loss before income tax</b>		<b>-86.7</b>	<b>104.9</b>	<b>346.5</b>	<b>220.1</b>
Tax income/-expense	6	129.3	-40.1	38.4	-16.3
<b>Net profit/-loss</b>		<b>42.6</b>	<b>64.8</b>	<b>384.9</b>	<b>203.9</b>
<b>Other comprehensive income</b>					
Currency translation differences		20.2	-3.5	-31.6	-12.5
<b>Items that may be reclassified to profit or loss in later periods</b>		<b>20.2</b>	<b>-3.5</b>	<b>-31.6</b>	<b>-12.5</b>
Net fair value changes from financial instruments	8	0.8	-1.9	14.2	3.6
<b>Items that are not reclassified to profit or loss in later periods</b>		<b>0.8</b>	<b>-1.9</b>	<b>14.2</b>	<b>3.6</b>
<b>Total other comprehensive income, net of tax</b>		<b>20.9</b>	<b>-5.3</b>	<b>-17.4</b>	<b>-8.9</b>
<b>Total comprehensive income, net of tax</b>		<b>63.5</b>	<b>59.5</b>	<b>367.5</b>	<b>195.0</b>
Net profit/-loss attributable to:					
Equity holders of the parent		42.6	64.8	384.9	203.9
Total comprehensive income attributable to:					
Equity holders of the parent		63.5	59.5	367.5	195.0
Earnings per share, basic (USD per share)		0.04	0.07	0.39	0.21
Earnings per share, diluted (USD per share)		0.04	0.07	0.39	0.21
Weighted average number of shares outstanding (millions)		1,021.19	975.43	986.97	975.43

## Consolidated statements of financial position

<b>ASSETS</b>		At 31 Dec	
(unaudited, in USD million)	Note	2022	2021
<b>Non-current assets</b>			
Deferred tax assets	6	-	29.3
Goodwill	7	56.1	88.2
Other intangible assets	7	97.2	232.4
Property, plant and equipment	7	1,108.6	1,284.9
Investment in Joint Venture	13	76.1	-
Financial investments	8	-	16.2
Other non-current receivables	9	-	19.4
<b>Total non-current assets</b>		<b>1,338.1</b>	<b>1,670.4</b>
<b>Current assets</b>			
Inventories	4	47.0	35.8
Trade and other receivables	9	437.8	483.8
Tax receivables	6	25.8	21.1
Cash and cash equivalents		954.3	736.6
<b>Total current assets</b>		<b>1,464.9</b>	<b>1,277.3</b>
<b>TOTAL ASSETS</b>		<b>2,803.0</b>	<b>2,947.8</b>
<b>EQUITY AND LIABILITIES</b>		At 31 Dec	
(unaudited, in USD million)	Note	2022	2021
<b>Equity</b>			
Shareholders' equity		1,369.4	1,018.8
<b>Total equity</b>		<b>1,369.4</b>	<b>1,018.8</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6	62.4	267.3
Interest-bearing liabilities	10	546.4	873.4
Provisions for other liabilities and charges	11	379.6	402.4
<b>Total non-current liabilities</b>		<b>988.4</b>	<b>1,543.2</b>
<b>Current liabilities</b>			
Trade and other payables	12	244.1	232.6
Income taxes payable	6	125.7	33.1
Current interest-bearing liabilities	10	8.4	-
Provisions for other liabilities and charges	11	67.0	120.1
<b>Total current liabilities</b>		<b>445.3</b>	<b>385.8</b>
<b>Total liabilities</b>		<b>1,433.6</b>	<b>1,929.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,803.0</b>	<b>2,947.8</b>



# Consolidated cash flow statement

(unaudited, USD million)	Note	Quarters		Full-Year	
		Q4 2022	Q4 2021	2022	2021
<b>Operating activities</b>					
Profit/-loss before income tax		-86.7	104.9	346.5	220.1
<b>Adjustments to add/-deduct non-cash items:</b>					
Exploration cost previously capitalized carried to cost	5	3.8	30.1	52.2	54.1
Depreciation, depletion and amortization	4	58.9	53.3	216.7	206.0
Impairment oil and gas assets	7	244.0	27.3	371.3	80.1
Share of profit/-loss from Joint Venture	13	-6.0	-	-6.0	-
Amortization of borrowing issue costs		0.7	1.0	5.2	9.4
Accretion expense on ARO provisions		4.1	4.3	15.5	17.7
Interest expense		11.4	19.1	57.5	74.2
Interest income		-9.2	-0.7	-12.9	-1.7
Other		6.5	-0.3	11.0	1.0
<b>Change in working capital items and provisions:</b>					
- Inventories		-3.0	-5.0	-11.2	5.0
- Trade and other receivables	9	-24.1	21.2	59.9	-99.5
- Trade and other payables	12	21.1	-17.5	11.5	55.1
- Provisions for other liabilities and charges		8.7	4.4	5.9	3.8
<b>Cash generated from operations</b>		<b>230.1</b>	<b>242.2</b>	<b>1,123.0</b>	<b>625.3</b>
Income taxes paid		-3.3	-	-5.1	-
Tax refund received/-repaid		20.8	91.4	-16.0	174.7
Interest received		8.8	0.7	12.5	1.7
Interest paid		-11.4	-17.7	-58.1	-73.0
<b>Net cash from/-used in operating activities</b>		<b>245.0</b>	<b>316.5</b>	<b>1,056.3</b>	<b>728.8</b>
<b>Investing activities</b>					
Purchases of intangible assets		-13.3	-15.4	-74.6	-86.8
Purchases of tangible assets		-75.7	-60.2	-300.2	-193.8
Payments for decommissioning		-13.5	-13.5	-70.0	-86.2
Acquisition of subsidiary, net of cash acquired	13	21.5	-	21.5	-
Proceeds from license transactions		-	4.7	-	4.7
Proceeds from disposal of financial investments		1.0	-	1.0	-
Equity contribution into Joint Venture	13	-4.2	-	-4.2	-
Dividends from Joint Venture	13	11.5	-	11.5	-
<b>Net cash from/-used in investing activities</b>		<b>-72.6</b>	<b>-84.4</b>	<b>-415.0</b>	<b>-362.0</b>
<b>Financing activities</b>					
Proceeds from borrowings	10	-	-	-	400.0
Repayment of borrowings	10	-	-56.2	-323.7	-459.0
Payment of debt issue costs		-	-	-	-15.6
Purchase of treasury shares		-11.7	-	-11.7	-
Paid dividend		-25.8	-22.2	-72.8	-22.2
Payments of lease liabilities		-2.7	-2.2	-10.8	-8.6
<b>Net cash from/-used in financing activities</b>		<b>-40.3</b>	<b>-80.6</b>	<b>-419.1</b>	<b>-105.4</b>
<b>Net increase/-decrease in cash and cash equivalents</b>		<b>132.1</b>	<b>151.5</b>	<b>222.3</b>	<b>261.5</b>
Cash and cash equivalents at beginning of the period		817.9	585.7	736.6	477.1
Exchange gain/-losses on cash and cash equivalents		4.3	-0.6	-4.5	-2.0
<b>Cash and cash equivalents at the end of the period</b>		<b>954.3</b>	<b>736.6</b>	<b>954.3</b>	<b>736.6</b>
Of which restricted cash		22.5	15.8	22.5	15.8

## Consolidated statement of changes in equity

(unaudited, in USD million)	Other comprehensive income					Total equity
	Share capital	Share premium	Fair value changes equity instruments	Currency translation differences	Retained earnings	
<b>Total shareholders' equity as of 31 December 2020</b>	<b>32.9</b>	<b>247.7</b>	<b>36.1</b>	<b>-65.0</b>	<b>593.9</b>	<b>845.6</b>
Fair value changes from equity instruments	-	-	3.6	-	-	3.6
Currency translation differences	-	-	-	-12.5	-	-12.5
<b>Other comprehensive income/-loss</b>	<b>-</b>	<b>-</b>	<b>3.6</b>	<b>-12.5</b>	<b>-</b>	<b>-8.9</b>
Profit/-loss for the period	-	-	-	-	203.9	203.9
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3.6</b>	<b>-12.5</b>	<b>203.9</b>	<b>195.0</b>
Payment of dividend	-	-	-	-	-21.8	-21.8
<b>Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-21.8</b>	<b>-21.8</b>
<b>Total shareholders' equity as of 31 December 2021</b>	<b>32.9</b>	<b>247.7</b>	<b>39.7</b>	<b>-77.5</b>	<b>776.0</b>	<b>1,018.8</b>

(unaudited, in USD million)	Other comprehensive income					Total equity
	Share capital	Share premium	Fair value changes equity instruments	Currency translation differences	Retained earnings	
<b>Total shareholders' equity as of 31 December 2021</b>	<b>32.9</b>	<b>247.7</b>	<b>39.7</b>	<b>-77.5</b>	<b>776.0</b>	<b>1,018.8</b>
Reallocation of equity*	-	-	-34.3	80.1	-45.8	-
<b>Total shareholders' equity as of 1 January 2022</b>	<b>32.9</b>	<b>247.7</b>	<b>5.4</b>	<b>2.6</b>	<b>730.1</b>	<b>1,018.8</b>
Fair value changes from equity instruments	-	-	14.2	-	-	14.2
Currency translation differences	-	-	-	-31.6	-	-31.6
<b>Other comprehensive income/-loss</b>	<b>-</b>	<b>-</b>	<b>14.2</b>	<b>-31.6</b>	<b>-</b>	<b>-17.4</b>
Profit/-loss for the period	-	-	-	-	384.9	384.9
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>14.2</b>	<b>-31.6</b>	<b>384.9</b>	<b>367.5</b>
Issue of share capital**	1.8	95.9	-	-	-	97.7
Own shares retained as treasury shares from a transaction***	-0.6	-	-19.6	-	-10.2	-30.4
Purchase of treasury shares	-0.3	-	-	-	-12.1	-12.4
Payment of dividend	-	-	-	-	-72.0	-72.0
<b>Transactions with shareholders</b>	<b>1.0</b>	<b>95.9</b>	<b>-19.6</b>	<b>-</b>	<b>-94.2</b>	<b>-16.9</b>
<b>Total shareholders' equity as of 31 December 2022</b>	<b>33.9</b>	<b>343.6</b>	<b>-</b>	<b>-29.0</b>	<b>1,020.9</b>	<b>1,369.4</b>

\* Reallocation of equity is related to a change in the presentation of other comprehensive income. Total equity is unchanged.

\*\* See Note 13 for information and details.

\*\*\* See Note 8.

# Notes to the consolidated interim financial statements

## Note 1 | Basis of preparation and accounting policies

### Principal activities and corporate information

DNO ASA (the Company) and its subsidiaries (DNO or the Group) are engaged in international oil and gas exploration, development and production.

### Basis of preparation

DNO ASA's consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and IFRS standards issued and effective at date of reporting as adopted by the EU. These interim financial statements have also been prepared in accordance with Oslo Stock Exchange regulations.

The interim financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the DNO ASA Annual Report and Accounts 2021.

The interim financial information for 2022 and 2021 is unaudited.

Subtotals and totals in some of the tables included in these interim financial statements may not equal the sum of the amounts shown due to rounding.

The interim financial statements have been prepared on a historical cost basis, with the following exception: liabilities related to share-based payments, derivative financial instruments and equity instruments are recognized at fair value. A detailed description of the accounting policies applied is included in the DNO ASA Annual Report and Accounts 2021.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of DNO ASA Annual Report and Accounts 2021.

## Note 2 | Segment information

From the fourth quarter of 2022, the Group reports the following three operating segments: Kurdistan, North Sea (which includes the Group's oil and gas activities in Norway and the UK) and West Africa (which represents the Group's equity accounted investment in Côte d'Ivoire, see Note 13). The segment assets/liabilities do not include internal receivables/liabilities.

Fourth quarter ending 31 December 2022 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segments	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues	3	174.5	163.7	-	-	338.1	-	338.1
Inter-segment revenues		-	-	-	-	-	-	-
Cost of goods sold	4	-71.4	-73.6	-	-	-145.0	-0.6	-145.6
<b>Gross profit</b>		<b>103.1</b>	<b>90.1</b>	-	-	<b>193.2</b>	<b>-0.6</b>	<b>192.6</b>
Share of profit/-loss from Joint Venture	13	-	-	6.0	-	6.0	-	6.0
<b>Operating profit/-loss</b>		<b>102.3</b>	<b>-173.1</b>	<b>6.0</b>	<b>-8.3</b>	<b>-73.1</b>	<b>-3.2</b>	<b>-76.2</b>
Financial income/-expense (net)	10							-10.5
Tax income/-expense	6	-	129.3	-	-	129.3	-	129.3
<b>Net profit/-loss</b>								<b>42.6</b>
<b>Financial position information</b>								
Non-current assets		750.2	503.5	76.1	-	1,329.8	8.3	1,338.1
Current assets		355.4	418.3	-	11.5	785.3	679.7	1,464.9
<b>Total assets</b>		<b>1,105.5</b>	<b>921.8</b>	<b>76.1</b>	<b>11.5</b>	<b>2,115.0</b>	<b>688.0</b>	<b>2,803.0</b>
Non-current liabilities		68.1	391.8	-	-	459.9	528.4	988.4
Current liabilities		97.5	284.3	-	41.6	423.4	21.9	445.3
<b>Total liabilities</b>		<b>165.6</b>	<b>676.1</b>	-	<b>41.6</b>	<b>883.3</b>	<b>550.3</b>	<b>1,433.6</b>

## Note 2 | Segment information (continued)

Fourth quarter ending 31 December 2021 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segment	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues	3	180.4	216.1	-	-	396.5	-	396.5
Inter-segment revenues		-	0.8	-	-	0.8	-0.8	-
Cost of goods sold	4	-58.2	-106.3	-	-	-164.4	-0.6	-165.1
<b>Gross profit</b>		<b>122.2</b>	<b>110.7</b>	-	-	<b>232.9</b>	<b>-1.5</b>	<b>231.4</b>
<b>Operating profit/-loss</b>		<b>119.8</b>	<b>20.2</b>	-	<b>-8.3</b>	<b>131.8</b>	<b>-3.6</b>	<b>128.2</b>
Financial income/-expense (net)	10							-23.2
Tax income/-expense	6	-	-40.1	-	-	-40.1	-	-40.1
<b>Net profit/-loss</b>								<b>64.8</b>
<b>Financial position information</b>								
Non-current assets		679.8	964.1	-	-	1,643.9	26.6	1,670.5
Current assets		372.2	367.1	-	11.5	750.8	526.5	1,277.3
<b>Total assets</b>		<b>1,052.0</b>	<b>1,331.2</b>	-	<b>11.5</b>	<b>2,394.7</b>	<b>553.1</b>	<b>2,947.8</b>
Non-current liabilities		63.2	691.2	-	-	754.4	788.8	1,543.2
Current liabilities		78.0	248.5	-	36.3	362.8	23.0	385.8
<b>Total liabilities</b>		<b>141.2</b>	<b>939.8</b>	-	<b>36.3</b>	<b>1,117.2</b>	<b>811.7</b>	<b>1,929.0</b>

## Note 2 | Segment information (continued)

Full-Year ending 31 December 2022 USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segment	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues	3	820.1	556.9	-	-	1,377.0	-	1,377.0
Inter-segment sales		-	-	-	-	-	-	-
Cost of goods sold	4	-251.5	-206.1	-	-	-457.6	-3.3	-460.9
<b>Gross profit</b>		<b>568.5</b>	<b>350.8</b>	-	-	<b>919.4</b>	<b>-3.3</b>	<b>916.1</b>
Share of profit/-loss from Joint Venture	13	-	-	6.0	-	6.0	-	6.0
<b>Operating profit/-loss</b>		<b>567.6</b>	<b>-120.2</b>	<b>6.0</b>	<b>-9.1</b>	<b>444.2</b>	<b>-12.8</b>	<b>431.4</b>
Financial income/-expense (net)	10							-85.0
Tax income/-expense	6	-	38.4	-	-	38.4	-	38.4
<b>Net profit/-loss</b>								<b>384.9</b>
<b>Financial position information</b>								
Non-current assets		750.2	503.5	76.1	-	1,329.8	8.3	1,338.1
Current assets		355.4	418.3	-	11.5	785.3	679.7	1,464.9
<b>Total assets</b>		<b>1,105.5</b>	<b>921.8</b>	<b>76.1</b>	<b>11.5</b>	<b>2,115.0</b>	<b>688.0</b>	<b>2,803.0</b>
Non-current liabilities		68.1	391.8	-	-	459.9	528.4	988.4
Current liabilities		97.5	284.3	-	41.6	423.4	21.9	445.3
<b>Total liabilities</b>		<b>165.6</b>	<b>676.1</b>	-	<b>41.6</b>	<b>883.3</b>	<b>550.3</b>	<b>1,433.6</b>
<b>Full-Year ending 31 December 2021</b>								
USD million	Note	Kurdistan	North Sea	West Africa	Other	Total reporting segment	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues	3	594.3	409.8	-	-	1,004.1	-	1,004.1
Inter-segment sales		-	2.6	-	-	2.6	-2.6	-
Cost of goods sold	4	-220.9	-219.4	-	-	-440.3	-2.7	-443.1
<b>Gross profit</b>		<b>373.4</b>	<b>193.0</b>	-	-	<b>566.4</b>	<b>-5.4</b>	<b>561.0</b>
<b>Operating profit/-loss</b>		<b>368.1</b>	<b>-24.7</b>	-	<b>-11.6</b>	<b>331.9</b>	<b>-11.0</b>	<b>320.9</b>
Financial income/-expense (net)	10							-100.7
Tax income/-expense	6	-	-15.9	-	-0.3	-16.3	-	-16.3
<b>Net profit/-loss</b>								<b>203.9</b>
<b>Financial position information</b>								
Non-current assets		679.8	964.1	-	-	1,643.9	26.6	1,670.5
Current assets		372.2	367.1	-	11.5	750.8	526.5	1,277.3
<b>Total assets</b>		<b>1,052.0</b>	<b>1,331.2</b>	-	<b>11.5</b>	<b>2,394.7</b>	<b>553.1</b>	<b>2,947.8</b>
Non-current liabilities		63.2	691.2	-	-	754.4	788.8	1,543.2
Current liabilities		78.0	248.5	-	36.3	362.8	23.0	385.8
<b>Total liabilities</b>		<b>141.2</b>	<b>939.8</b>	-	<b>36.3</b>	<b>1,117.2</b>	<b>811.7</b>	<b>1,929.0</b>

## Note 3 | Revenues

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
Sale of oil	254.8	304.1	1,061.1	828.1
Sale of gas	77.5	85.2	281.1	151.3
Sale of natural gas liquids (NGL)	4.1	6.2	29.1	21.3
Tariff income	1.8	0.9	5.8	3.4
<b>Total revenues from contracts with customers</b>	<b>338.1</b>	<b>396.5</b>	<b>1,377.0</b>	<b>1,004.1</b>
Sale of oil (boepd)	34,796	46,088	32,273	36,583
Sale of gas (boepd)	5,032	5,199	4,800	4,344
Sale of natural gas liquids (NGL) (boepd)	942	1,369	1,370	1,244
<b>Total sales volume (boepd)</b>	<b>40,770</b>	<b>52,655</b>	<b>38,444</b>	<b>42,171</b>

## Note 4 | Cost of goods sold/ Inventory

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
Lifting costs	-68.5	-44.2	-222.1	-184.2
Tariff and transportation expenses	-8.2	-8.7	-30.2	-34.5
<b>Production costs based on produced volumes</b>	<b>-76.8</b>	<b>-52.9</b>	<b>-252.3</b>	<b>-218.8</b>
Movement in overlift/underlift	-9.9	-58.8	8.1	-18.3
<b>Production costs based on sold volumes</b>	<b>-86.7</b>	<b>-111.7</b>	<b>-244.2</b>	<b>-237.0</b>
Depreciation, depletion and amortization	-58.9	-53.3	-216.7	-206.0
<b>Total cost of goods sold</b>	<b>-145.6</b>	<b>-165.1</b>	<b>-460.9</b>	<b>-443.1</b>

Lifting costs consist of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. The lifting costs in 2022 included a provision for obsolete inventory of USD 2.9 million related to North Sea (2021 lifting costs included a reversal of provision for obsolete inventory of USD 1.0 million related to Kurdistan). Tariff and transportation expenses consist of charges incurred by the Group for the use of infrastructure owned by other companies in the North Sea.

USD million	At 31 Dec	
	2022	2021
Spare parts	47.0	35.8
<b>Total inventory</b>	<b>47.0</b>	<b>35.8</b>

Total inventory of USD 47.0 million as of 31 December 2022 was related to Kurdistan (USD 33.7 million) and the North Sea (USD 13.3 million).

## Note 5 | Exploration expenses

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
Exploration expenses (G&G and field surveys)	-2.6	-4.6	-10.2	-19.1
Seismic costs	-7.1	-17.5	-18.5	-37.6
Exploration cost capitalized in previous years carried to cost	-	-2.4	-3.9	-13.4
Exploration costs capitalized this year carried to cost	-3.8	-27.7	-48.3	-40.7
Other exploration cost expensed	-4.0	-6.4	-15.6	-21.5
<b>Total exploration expenses</b>	<b>-17.6</b>	<b>-58.6</b>	<b>-96.5</b>	<b>-132.3</b>

## Note 6 | Income taxes

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
<b>Tax income/-expense</b>				
Change in deferred taxes	165.9	-3.9	162.9	-115.2
Income tax receivable/-payable	-36.7	-36.2	-124.5	98.9
<b>Total tax income/-expense</b>	<b>129.3</b>	<b>-40.1</b>	<b>38.4</b>	<b>-16.3</b>

USD million	At 31 Dec	At 31 Dec
	2022	2021
<b>Income tax receivable/-payable</b>		
Tax receivables (current)	25.8	21.1
Income taxes payable	-125.7	-33.1
<b>Net tax receivable/-payable</b>	<b>-99.9</b>	<b>-11.9</b>
<b>Deferred tax assets/-liabilities</b>		
Deferred tax assets	-	29.3
Deferred tax liabilities	-62.4	-267.3
<b>Net deferred tax assets/-liabilities</b>	<b>-62.4</b>	<b>-238.0</b>

The tax balances relate to the activity on the Norwegian Continental Shelf (NCS) and the UK Continental Shelf (UKCS). The current tax receivable relates to tax refunds of decommissioning spend on the UKCS expected to be received during the third quarter of 2023. The current income tax payable relates to taxable profits in 2022 on the NCS and will be paid during first half of 2023.

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. The tax effects of these changes were recognized in the second quarter of 2022.

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.

Under the terms of the Production Sharing Contracts (PSC) in the Kurdistan region of Iraq, the Company's subsidiary, DNO Iraq AS, is not required to pay any corporate income taxes. The share of profit oil of which the government is entitled to is deemed to include a portion representing the notional corporate income tax paid by the government on behalf of DNO. Current and deferred taxation arising from such notional corporate income tax is not calculated for Kurdistan as there is uncertainty related to the tax laws of the Kurdistan Regional Government (KRG) and there is currently no well-established tax regime for international oil companies. This is an accounting presentational issue and there is no corporate income tax required to be paid.

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



## Note 7 | Intangible assets/ Property, plant and equipment (PP&E)

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
Additions of intangible assets	13.3	15.4	74.6	86.8
Additions of intangible assets through license acquisition	-	-	-	35.2
Divestments of intangible assets through license acquisition	-	-6.0	-	-6.0
Transfers to/-from intangible assets	-	-125.7	-132.6	-125.7
Additions of tangible assets	61.3	57.1	326.1	206.4
Transfers to/-from tangible assets	-	129.7	132.6	129.7
Additions of right-of-use (RoU) assets	1.0	0.2	1.9	14.6
Depreciation, depletion and amortization (Note 4)	-58.9	-53.3	-216.7	-206.0
Impairment oil and gas assets	-244.0	-27.3	-371.3	-80.1
Exploration cost previously capitalized carried to cost (Note 5)	-3.8	-30.1	-52.2	-54.1

### Book values at the end of the reporting dates

USD million	At 31 Dec	
	2022	2021
Goodwill	56.1	88.2
Other intangible assets	97.2	232.4
Tangible assets (presented as part of the PP&E)	1,097.9	1,264.3
RoU assets (presented as part of the PP&E)	10.7	20.6

Additions of intangible assets are related to exploration and evaluation expenditures (successful efforts method), license interests and administrative software. Additions of tangible assets are related to oil and gas development and production assets including changes in estimate of asset retirement, and other tangible assets. Additions of right-of-use (RoU) assets are related to lease contracts under IFRS 16 *Leases*, see Note 11.

### Impairment assessment

At each reporting date, the Group 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 cash-generating unit (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.

During the fourth quarter of 2022, a net impairment charge of USD 244.0 million (USD 65.1 million post-tax) was recognized as part of the annual impairment testing, driven by updated production and cost profiles at the Ula area CGU, the decision to not submit a PDO by yearend 2022 for the Brasse license and other impairment charges following annual update in the cost estimates for decommissioning, partly offset by a reversal of previously recognized impairments on the Berling license following decision to submit a PDO and revised long-term gas price assumption.

USD million	Income statement:				Balance sheet:			
	Recoverable amount (post-tax)	Impairment -charge/ reversal (pre-tax)	Tax income/ -expense	Impairment -charge/ reversal (post-tax)	Goodwill	Property, plant and equipment	Deferred tax asset/ -liability	Currency effects
Ula area, North Sea	-	-132.0	102.9	-29.1	-	-132.0	102.9	-
Brasse, North Sea	-	-147.0	108.1	-38.9	-8.5	-138.5	108.1	-
Berling, North Sea	28.0	39.4	-30.7	8.7	-	39.4	-30.7	-
Other, North Sea	-	-4.4	-1.4	-5.8	-	-4.4	-1.4	-
<b>Total</b>		<b>-244.0</b>	<b>178.9</b>	<b>-65.1</b>	<b>-8.5</b>	<b>-235.5</b>	<b>178.9</b>	<b>-</b>

The table above shows the recoverable amounts and impairment charge or reversal for the CGUs which were impaired in the current quarter, and how it was recognized in the income statement and balance sheet.

## Note 7 | Intangible assets/ Property, plant and equipment (PP&E) (continued)

In the impairment tests, the oil and gas price assumptions were based on the forward curve and observable broker and analyst consensus. The oil price assumptions applied in the impairment testing were (in USD/bbl) 86.6 for 2023, 88.5 for 2024, 85.0 for 2025 and 78.4 for 2026, in nominal terms). The gas price assumptions applied in the impairment testing were (in GBP pence/therm) 289.0 for 2023, 179.4 for 2024, 126.4 for 2025 and 102.9 for 2026, in nominal terms). For periods after year 2026, the long-term oil and gas price assumptions applied were USD 65/bbl and GBP 72 pence/therm, respectively (in real terms, basis year 2022).

For the value in use calculations, the relevant post-tax nominal discount rate at yearend 2022 was 16.1 percent (13.6 percent at yearend 2021) for the Kurdistan assets. For the fair value calculations, the relevant post-tax nominal discount rate at yearend 2022 was 8.4 percent for the relevant North Sea assets (7.7 percent at yearend 2021).

## Note 8 | Financial investments

Financial investments are comprised of equity instruments and are recorded at fair value (market price, where available) at the end of the reporting period. Fair value changes are included in other comprehensive income (FVTOCI).

USD million	Quarters		At 31 Dec	
	Q4 2022	Q4 2021	2022	2021
Beginning of the period	29.6	18.1	16.2	12.6
Fair value changes through other comprehensive income (FVTOCI)	0.8	-1.9	14.2	3.6
Disposal	-30.4	-	-30.4	-
<b>Total financial investments end of the period</b>	<b>-</b>	<b>16.2</b>	<b>-</b>	<b>16.2</b>
Non-current portion	-	16.2	-	16.2
Current portion	-	-	-	-

Prior to the transaction agreement entered between DNO ASA and RAK Petroleum plc (RAK Petroleum) on 22 August 2022 (see Note 13), the Company held a total of 15,849,737 (5.1 percent) shares in RAK Petroleum. RAK Petroleum was listed on the Oslo Stock Exchange and was the largest shareholder in DNO ASA with 44.94 percent of the total issued shares.

As part of the all-share transaction with RAK Petroleum, on 19 October 2022, RAK Petroleum distributed by way of a capital repayment the entirety of its DNO ASA shareholding, including the transaction consideration shares, to its shareholders, which also included DNO ASA. Following the distribution, the Company had 26,269,183 own shares which were retained as treasury shares and the Company's investment in RAK Petroleum was simultaneously derecognized from the balance sheet.

Change in fair value prior to transaction completion was USD 0.8 million and is recognized in other comprehensive income in Q4 2022.

## Note 9 | Other non-current receivables/ Trade and other receivables

USD million	At 31 Dec	
	2022	2021
Trade debtors (non-current portion)	-	18.2
Other non-current receivables	-	1.3
<b>Total other non-current receivables</b>	<b>-</b>	<b>19.4</b>
Trade debtors	311.8	344.4
Underlift	14.0	17.2
Other short-term receivables	111.9	122.2
<b>Total trade and other receivables</b>	<b>437.8</b>	<b>483.8</b>

Total book value of trade debtors of USD 311.8 million as of 31 December 2022 relate mainly to the outstanding invoices for Kurdistan crude oil deliveries for the months August through December 2022 (USD 295.9 million). See also Note 14 regarding subsequent events after the reporting date.

## Note 9 | Other non-current receivables/ Trade and other receivables (continued)

The Company has received a proposal from KRG's Ministry of Natural Resources (MNR) to amend the current pricing formula based on average Dated Brent (as adjusted for quality, transportation) for the sale of DNO's Tawke and Baeshiqa license entitlement crude oil to the KRG such that the pricing for the crude oil should be based, with effect from 1 September 2022, on the purported actual price realized by KRG during the delivery month. The MNR proposal has not been accepted by DNO and the Company continues to invoice the KRG for oil sales based on the current pricing formula (including the September 2022 invoice).

The underlift receivable of USD 14.0 million as of 31 December 2022 relates to North Sea underlifted volumes. Other short-term receivables mainly relate to items of working capital in licenses in Kurdistan and the North Sea and accrual for earned income not invoiced in the North Sea.

## Note 10 | Interest-bearing liabilities

### Interest-bearing liabilities

USD million	Ticker	Facility currency	Facility amount/limit	Interest	Maturity	At 31 Dec 2022	At 31 Dec 2021
<b>Non-current</b>							
Bond loan (ISIN NO0010852643)	DNO03	USD	150.7	8.375 %	29/05/24	131.2	394.9
Bond loan (ISIN NO0011088593)	DNO04	USD	400.0	7.875 %	09/09/26	400.0	400.0
Capitalized borrowing issue costs						-11.3	-16.5
Reserve based lending facility		USD	350.0	see below	see below	26.6	95.0
<b>Total non-current interest-bearing liabilities</b>						<b>546.4</b>	<b>873.4</b>
<b>Current</b>							
Reserve based lending facility (current)		USD	350.0	see below	see below	8.4	-
<b>Total current interest-bearing liabilities</b>						<b>8.4</b>	<b>-</b>
<b>Total interest-bearing liabilities</b>						<b>554.8</b>	<b>873.4</b>

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

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

USD million	At 1 Jan 2021	Cash flows	Amortization	Non-cash changes Currency	Reclassification	At 31 Dec 2021
Bond loans	800.0	-5.1	-	-	-	794.9
Borrowing issue costs	-15.4	-10.5	9.4	-	-	-16.5
Reserve based lending facility	149.6	-53.9	-	-0.7	-	95.0
Reserve based lending facility (current)	-	-	-	-	-	-
<b>Total</b>	<b>934.2</b>	<b>-69.5</b>	<b>9.4</b>	<b>-0.7</b>	<b>-</b>	<b>873.4</b>

As of 31 December 2022, DNO ASA has two bonds outstanding, DNO03 and DNO04. During the quarter there has been no repayments or buybacks of the bonds. Facility and carrying amount for the bonds is shown net of bonds held by the Company.

The Group has a reserve-based lending (RBL) facility for its Norway and UK production licenses with a total facility limit of USD 350 million which is available for both debt and issuance of letters of credit. In addition, there is an uncommitted accordion option of USD 350 million. Interest charged on utilizations is based on LIBOR 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 borrowing base amount of the facility from 1 January 2023 is USD 74.2 million. Amount utilized as of the reporting date is disclosed in the table above. In addition, USD 31.7 million is utilized in respect of letters of credit. No repayments have been made on the RBL loan during Q4 2022.

For additional information about the Group's interest-bearing liabilities, refer to the DNO ASA Annual Report and Accounts 2021.

## Note 11 | Provisions for other liabilities and charges/ Lease liabilities

USD million	At 31 Dec	
	2022	2021
<b>Non-current</b>		
Asset retirement obligations (ARO)	368.2	386.3
Other long-term provisions and charges	4.9	3.6
Lease liabilities	6.5	12.5
<b>Total non-current provisions for other liabilities and charges</b>	<b>379.6</b>	<b>402.4</b>
<b>Current</b>		
Asset retirement obligations (ARO)	20.5	69.7
Other provisions and charges	39.8	34.8
Current lease liabilities	6.8	15.7
<b>Total current provisions for other liabilities and charges</b>	<b>67.0</b>	<b>120.1</b>
<b>Total provisions for other liabilities and charges</b>	<b>446.6</b>	<b>522.6</b>

### Asset retirement obligations

The provisions for ARO are based on the present value of estimated future cost of decommissioning oil and gas assets in Kurdistan and the North Sea. The discount rates before tax applied were between 4.5 percent and 4.8 percent.

### Non-cancellable lease commitments

The recognized lease liabilities in the balance sheet are mainly related to rig lease and office rent. In 2021, DNO entered into a rig lease agreement to perform decommissioning, plugging and abandonment at the Schooner and Ketch fields in the UK part of the North Sea. The rig lease was entered into with DNO as the operator of the licenses at the initial signing and subsequently partly allocated to the license partners (presented under non-current and current receivables). The rig lease was recognized on a gross basis, rather than based on DNO's working interest share (60 percent).

The identified lease liabilities have no significant impact on the Group's financing, loan covenants or dividend policy. The Group does not have any residual value guarantees. 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. Non-lease components are not included as part of the lease liabilities.

### Undiscounted lease liabilities and maturity of cash outflows (non-cancellable):

USD million	At 31 Dec	
	2022	2021
Within one year	7.0	16.6
Two to five years	6.5	13.1
After five years	-	-
<b>Total undiscounted lease liabilities end of the period</b>	<b>13.5</b>	<b>29.7</b>

The table above summarizes the Group's maturity profile of the lease liabilities based on contractual undiscounted payments.

## Note 12 | Trade and other payables

USD million	At 31 Dec	
	2022	2021
Trade payables	62.7	85.7
Public duties payable	4.1	6.1
Prepayments from customers	12.7	-
Overlift	9.0	17.3
Other accrued expenses	155.7	123.4
<b>Total trade and other payables</b>	<b>244.1</b>	<b>232.6</b>

Trade payables are non-interest bearing and normally settled within 30 days.

Trade payables and other accrued expenses include items of working capital related to participation in oil and gas licenses in Kurdistan and the North Sea, and prepayment from customers related to oil sales in the North Sea.

The overlift payable relates to North Sea overlifted volumes, valued at production cost including depreciation

## Note 13 | Investment in Joint Venture

### Acquisition of Mondoil Enterprises LLC

On 11 October 2022, the Company completed the transaction with RAK Petroleum plc (RAK Petroleum) for transferring shares in Mondoil Enterprises LLC (Mondoil Enterprises) to DNO ASA. The transaction was entered on 22 August 2022 with effective date 1 January 2022 and the Company issued 78.94 million new shares to RAK Petroleum as consideration (consideration shares). Following transaction completion, the Company holds 100 percent of the shares in Mondoil Enterprises. Mondoil Enterprises owns 50 percent of Mondoil Côte d'Ivoire LLC (Mondoil Côte d'Ivoire), which, in turn, owns 66.66 percent in the privately-held Foxtrot International LDC (Foxtrot International), resulting in the Company's indirect 33.33 percent interest in Foxtrot International. Foxtrot International holds a 27.27 percent interest in and operatorship of Block CI-27 offshore Côte d'Ivoire, which contains the Foxtrot gas field, the Mahi gas field, the Marlin oil and gas field and the Manta gas field. Foxtrot International also operates an exploration license offshore Côte d'Ivoire, Block CI-12, in which it holds a 24 percent interest. The entry into West Africa represents DNO's first step into a highly prospective region offering a broad set of growth opportunities through acquisition of producing fields, development assets and exploration licenses.

The acquisition date for accounting purposes corresponds to the completion of the transaction on 11 October 2022. A purchase price allocation (PPA) has been performed to allocate the value of consideration shares to fair value of assets acquired and liabilities assumed. The PPA was performed as of the completion date, 11 October 2022. The share price at Oslo Stock Exchange (NOK 13.27/USD 1.24) and the closing currency exchange rate (USD/NOK 10.7205) were used as a basis for measuring the value of the consideration shares, as set forth below.

The following table summarizes the PPA and acquisition cost as recorded as at closing date:

Purchase price allocation (PPA) USD million	As at closing date
Consideration shares	78,943,763
Share price at closing date (USD)	1.24
<b>Consideration in the form of equity instruments issued at fair value</b>	<b>97.7</b>
Transaction fees	1.3
<b>Total consideration</b>	<b>99.0</b>
Carrying amount of proportional net assets acquired (of Foxtrot International)	63.8
Fair value uplift of proportional net assets acquired (of Foxtrot International)	12.9
Cash and cash equivalents (of Mondoil Enterprises)	21.5
<b>Total proportional identifiable net assets at fair value</b>	<b>98.2</b>
<b>Goodwill</b>	<b>0.8</b>

## Note 13 | Investment in Joint Venture (continued)

### Financial information of Foxtrot International as of Q4 2022

Since Mondoil Côte d'Ivoire is solely a holding vehicle for Foxtrot International with no other activity or balances, the Company's indirect 33.33 percent interest in Foxtrot International is treated in accordance with IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures* (i.e., the Group's interest in Mondoil Côte d'Ivoire/Foxtrot International is accounted for using the equity method) and disclose in the table below the summarised financial information of Foxtrot International as an associate/joint venture (IAS 28) in terms of summarised financial information.

Foxtrot International's summarized statement of financial position USD million	At 31 Dec 2022
Non-current assets	216.5
Current assets	67.3
<b>Total assets</b>	<b>283.7</b>
Non-current liabilities	67.1
Current liabilities	30.0
<b>Total liabilities</b>	<b>97.2</b>
<b>Equity</b>	<b>186.6</b>
<b>Group's share of net assets (33.33 percent)</b>	<b>62.2</b>
Goodwill	0.8
Fair value uplift on PP&E and ARO (net of related deferred tax)	13.0
<b>Carrying amount Investment in Joint Venture</b>	<b>76.1</b>

Foxtrot International's summarized statement of comprehensive income USD million	Quarter Q4 2022
Revenues	28.8
Expenses	-4.2
Depreciation	-8.0
Other income/finance income	3.5
Tax income/-expense	-
<b>Net profit/-loss</b>	<b>20.1</b>
<b>Group's share of net profit (33.33 percent)</b>	<b>6.7</b>
Depletion of fair value uplift of PP&E and ARO (net of related deferred tax)	-0.7
<b>Share of profit/-loss from Joint Venture</b>	<b>6.0</b>

Movement in the carrying amount of Investment in Joint Venture USD million	As at closing date	At 31 Dec 2022
Opening balance	-	77.5
Acquired share of Joint Venture's carrying amount	63.8	-
Acquired fair value uplift of PP&E and ARO (net of related deferred tax)	12.9	-
Goodwill	0.8	-
Share of profit/-loss from Joint Venture	-	6.0
Equity contribution into Joint Venture	-	4.2
Dividends from Joint Venture	-	-11.5
<b>Carrying amount Investment in Joint Venture</b>	<b>77.5</b>	<b>76.1</b>

## Note 14 | Subsequent events after the reporting date

### **Payments from Kurdistan**

Since end-Q4 2022, DNO has received a total of USD 63.7 million from the KRG (net to DNO) representing DNO's entitlement share of August 2022 crude oil deliveries to the export market from the Tawke license and the Baeshiqa license.

### **DNO receives 11 awards in Norway's APA licensing round**

On 10 January 2023, DNO announced that its wholly-owned subsidiary DNO Norge AS has been awarded participation in 11 exploration licenses, of which one is an operatorship, under Norway's Awards in Predefined Areas (APA) 2022 licensing round. Of the 11 new licenses, nine are in the North Sea and two in the Norwegian Sea.

## Alternative performance measures

DNO discloses alternative performance measures (APMs) as a supplement to the Group's financial statements prepared based on issued guidelines from the European Securities and Markets Authority (ESMA). The Company believes that the APMs provide useful supplemental information to management, investors, securities analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of DNO's business operations, financing and future prospects and to improve comparability between periods. Reconciliations of relevant APMs, definitions and explanations of the APMs are provided below.

### EBITDA

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
Revenues	338.1	396.5	1,377.0	1,004.1
Lifting costs	-68.5	-44.2	-222.1	-184.2
Tariff and transportation	-8.2	-8.7	-30.2	-34.5
Movement in overlift/underlift	-9.9	-58.8	8.1	-18.3
Share of profit/-loss from Joint Venture	6.0	-	6.0	-
Exploration expenses	-17.6	-58.6	-96.5	-132.3
Administrative expenses	-6.8	-9.5	-17.9	-16.2
Other operating income/expenses	-6.5	-7.9	-5.0	-11.5
<b>EBITDA</b>	<b>226.7</b>	<b>208.8</b>	<b>1,019.5</b>	<b>606.9</b>

### EBITDAX

USD million	Q4 2022	Q4 2021	2022	2021
EBITDA	226.7	208.8	1,019.5	606.9
Exploration expenses	17.6	58.6	96.5	132.3
<b>EBITDAX</b>	<b>244.2</b>	<b>267.4</b>	<b>1,116.0</b>	<b>739.3</b>

### Lifting costs

	Q4 2022	Q4 2021	2022	2021
Lifting costs (USD million)	-68.5	-44.2	-222.1	-184.2
Net production (MMboe)*	8.8	8.7	34.3	34.5
<b>Lifting costs (USD/boe)</b>	<b>7.8</b>	<b>5.1</b>	<b>6.5</b>	<b>5.3</b>

\* Excludes production from equity accounted investment.

### Capital expenditures

	Q4 2022	Q4 2021	2022	2021
Purchases of intangible assets	-13.3	-15.4	-74.6	-86.8
Purchases of tangible assets*	-75.7	-60.2	-300.2	-193.8
<b>Capital expenditures</b>	<b>-89.0</b>	<b>-75.6</b>	<b>-374.8</b>	<b>-280.6</b>

\* Exclude estimate changes on asset retirement obligations.



## Alternative performance measures (continued)

### Operational spend

USD million	Quarters		Full-Year	
	Q4 2022	Q4 2021	2022	2021
Lifting costs	-68.5	-44.2	-222.1	-184.2
Tariff and transportation expenses	-8.2	-8.7	-30.2	-34.5
Exploration expenses	-17.6	-58.6	-96.5	-132.3
Exploration cost previously capitalized carried to cost (Note 5)	3.8	30.1	52.2	54.1
Purchases of intangible assets	-13.3	-15.4	-74.6	-86.8
Purchases of tangible assets*	-75.7	-60.2	-300.2	-193.8
Payments for decommissioning	-13.5	-13.5	-70.0	-86.2
<b>Operational spend</b>	<b>-193.1</b>	<b>-170.5</b>	<b>-741.4</b>	<b>-663.8</b>

\* Exclude estimate changes on asset retirement obligations.

### Free cash flow

USD million	Q4 2022	Q4 2021	2022	2021
Net cash from/-used in operating activities	245.0	316.5	1,056.3	728.8
Capital expenditures	-89.0	-75.6	-374.8	-280.6
Payments for decommissioning	-13.5	-13.5	-70.0	-86.2
Equity contribution into Joint Venture (Note 13)	-4.2	-	-4.2	-
Dividends from Joint Venture (Note 13)	11.5	-	11.5	-
<b>Free cash flow</b>	<b>149.8</b>	<b>227.4</b>	<b>618.8</b>	<b>362.0</b>

### Equity ratio

USD	2022	2021
Equity	1,369.4	1,018.8
Total assets	2,803.0	2,947.8
<b>Equity ratio</b>	<b>48.9%</b>	<b>34.6%</b>

### Net debt

USD million	2022	2021
Cash and cash equivalents (including restricted cash)	954.3	736.6
Bond loans and reserve based lending (Note 10)	566.2	889.9
<b>Net cash/-debt</b>	<b>388.2</b>	<b>-153.4</b>

# Alternative performance measures (continued)

## Definitions and explanations of APMs

ESMA issued guidelines on APMs that came into effect on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

### EBITDA (Earnings before interest, tax, depreciation and amortization)

EBITDA, as reconciled above, can be found by excluding the DD&A and impairment of oil and gas assets from the profit/-loss from operating activities. Management believes that this measure provides useful information regarding the Group's ability to fund its capital investments and provides a helpful measure for comparing its operating performance with those of other companies.

### EBITDAX (Earnings before interest, tax, depreciation, amortization and exploration expenses)

EBITDAX, as reconciled above, can be found by excluding the exploration expenses from the EBITDA. Management believes that this measure provides useful information regarding the Group's profitability and ability to fund its exploration activities and provides a helpful measure for comparing its performance with those of other companies.

### Lifting costs (USD/boe)

Lifting costs comprise of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. DNO's lifting costs per boe are calculated by dividing DNO's share of lifting costs across producing assets by net production for the relevant period. Management believes that the lifting cost per boe is a useful measure because it provides an indication of the Group's level of operational cost effectiveness between time periods and with those of other companies.

### Capital expenditures

Capital expenditures comprise the purchase of intangible and tangible assets irrespective of whether paid in the period. Management believes that this measure is useful because it provides an overview of capital investments used in the relevant period.

### Operational spend

Operational spend is comprised of lifting costs, tariff and transportation expenses, exploration expenses, capital expenditures and payments for decommissioning. Management believes that this measure is useful because it provides a complete overview of the Group's total operational costs, capital investments and payments for decommissioning used in the relevant period.

### Equity ratio

The equity ratio is calculated by dividing total equity by the total assets. Management uses the equity ratio to monitor its capital and financial covenants (see Note 9 in the consolidated accounts). The equity ratio also provides an indication of how much of the Group's assets are funded by equity.

### Free cash flow

Free cash flow comprises net cash from/-used in operating activities less capital expenditures, payments for decommissioning and net cash received/-paid from equity accounted investments. Management believes that this measure is useful because it provides an indication of the profitability of the Group's operating activities excluding the non-cash items of the income statement and includes operational spend. This measure also provides a helpful measure for comparing with that of other companies.

### Net debt

Net debt comprises cash and cash equivalents less bond loans and reserve based lending facility. Management believes that net debt is a useful measure because it provides indication of the minimum necessary debt financing (if the figure is negative) to which the Group is subject at the reporting date.





DNO ASA  
Dokkveien 1  
N-0250 Oslo  
Norway

Phone: (+47) 23 23 84 80  
Fax: (+47) 23 23 84 81

**dno.no**