

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 MARCH 2022 (Unaudited)

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas PJSC (“Dana Gas” or the “Company”) are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the “Group”) for the period ended 31 March 2022.

Principal Activities

Dana Gas was incorporated in the Emirate of Sharjah (“Sharjah”), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy.

Dana Gas is the Middle East’s first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilisation of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown to be a regional natural gas Company with presence in the United Arab Emirates, Egypt, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for the quarter ended 31 March 2022

During the quarter ended 31 March 2022, the Group earned gross revenues of USD 140 million (AED 513 million) as compared to USD 106 million (AED 389 million) in the first quarter of 2021, an increase of 32% due to higher realised prices. This increase was partly offset by lower production in Egypt which declined by 7%. Realised price averaged USD 82/bbl for condensate and USD 43/boe for LPG compared to USD 44/bbl and USD 33/boe respectively in Q1 2021.

The Group achieved a record net profit of USD 54 million (AED 198 million) as compared to USD 24 million (AED 88 million) in Q1 2021, an increase of 125%. The increase in net profit was primarily due to higher oil prices with controlled operating costs. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was higher at USD 81 million (AED 297 million) compared to USD 50 million (AED 183 million) in Q1 2021.

The Group’s share of production for the 90 days was 5.62 million barrels of oil equivalent or 62,400 barrels of oil equivalent per day (“boepd”), a decrease of 4% compared to corresponding period production of 5.84 million boe (64,900 boepd). This decline was mainly due to natural field depletion in Egypt which resulted in production decline of 7% to 27,000 boepd as compared to 29,050 in Q1 2021.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 209 million (AED 766 million), an increase of 13% compared to 2021 year-end balance of USD 185 million (AED 678 million). Cash includes USD 71 million (AED 260 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 69 million (AED 253 million) during the period with Egypt and KRI contributing USD 17 million (AED 62 million) and USD 52 million (AED 191 million), respectively.

Business Update

In line with its outlined strategy, the Dana Gas Group continues to focus on maximising the value of its existing hydrocarbon assets and projects, while pursuing growth through a strategy of organic exploration opportunities in our heartland areas and new business development in the upstream and midstream value chains. We continue to balance our capital expenditure with the available sources of cash to ensure we maintain a robust financial position.

DANA GAS PJSC

Report of the Directors

Reserves & Resources

(a) Pearl Petroleum Company Limited

As reported previously, Dana Gas and Crescent Petroleum, joint operators of Pearl Petroleum Company Limited (“PPCL”), estimates that the P50 total geologically risked¹ resources of petroleum initially in-place (PIIP) of the Khor Mor and Chemchemical Fields at 75 Tscf (of wet gas) and 7 billion barrels of oil.

PPCL appointed Gaffney Cline Associates (“GCA”) to carry out a certification of the reserves for these fields as at 15 May 2019. The certification is based on the earlier work carried by GCA but updated to take into account the current understanding of the field, production data and incorporating the recent appraisal well drilling and test results.

In their report, GCA estimates the following reserves:

Khor Mor

- Proved plus probable (2P) gas, condensate and LPG reserves are 6.9 Tscf, 173 MMbbl and 18 MMt, respectively, of which Dana Gas’ 35% share equates to 2.4 Tscf of dry gas, 61 MMbbl of condensate and 6 MMt of LPG.
- Proved plus probable (2P) oil reserves of 51.3 MMbbl of which Dana Gas’ 35% share equates to 18 MMbbl

Chemchemical

- Proved plus probable (2P) gas, condensate and LPG reserves are 5.7 Tscf, 215 MMbbl and 20 MMt, respectively, of which Dana Gas’ 35% share equates to 2 Tscf of dry gas, 75 MMbbl of condensate and 7 MMt of LPG.

Dana’s share of the proved plus probable (2P) hydrocarbon reserves have increased by 10% following the 2019 certification of reserves. Management’s estimate of the total share of Dana Gas is equivalent to 1,087 MMboe, up from 990 MMboe when GCA first certified the field in April 2016. This confirms that the fields located in the KRI could be the biggest gas fields in the whole of Iraq.

The balance between these 2P reserves figures and the joint operator’s estimated risked initially in place (gas and oil) resources (PIIP) are classified as Contingent Resources² and Prospective Resources³.

(a) Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a leading advisory firm carried out an independent evaluation of Dana Gas Egypt’s hydrocarbon reserves as at 31 December 2021. Following this review, the Group’s gross proved reserves (1P) as at 31 December 2021 were assessed at 30 MMboe (31 December 2020: 35 MMboe). The gross proved and probable reserves (2P) as at 31 December 2021 were estimated at 44 MMboe (31 December 2020: 59 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2021 were estimated to be 73 MMboe (31 December 2020: 85 MMboe). The decrease in reserve was on account of production during the year, which was not replaced.

¹ Risked PIIP figures have been calculated by means of a stochastic aggregation using GeoX software with risk factors accounting for geological uncertainties calibrated by surrounding producing oil and/or gas fields.

² Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

³ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

DANA GAS PJSC

Report of the Directors

E&P Operations

(a) Pearl Petroleum Company Limited (KRI) E&P Operations

Dana Gas's share (35%) of gross production in the KRI for the 90 days of operations in Q1 2022 was 3.18 MMboe, i.e. averaging 35,400 boe per day (Q1 2021 – DG Share 35%: 3.17 MMboe, averaging 35,300 boe per day).

Dana Gas' share of collections for the period stood at USD 52 million (AED 191 million) and hence realised 75% of the period's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 59 million (AED 216 million) as compared to USD 43 million (AED 158 million) at year end 2021.

Pearl is proceeding with the development of its two world-class gas fields with in-place volumes of approximately 75 trillion cubic feet of wet gas and 7 billion bbls of oil. In January 2020, Pearl appointed an engineering, procurement and construction ('EPC') contractor for the first of two 250 MMscf/d gas processing trains planned at the Khor Mor gas processing plant. The appointment of the contractor followed final approval by the Ministry of Natural Resources of the Kurdistan Regional Government, which oversees the project. The contract award marks a key milestone in Pearl Petroleum's long-term expansion plan. The second phase will take total production to 900 MMscfd.

As a result of the impacts of COVID 19 on business operations both globally and in the KRI and specifically on (a) the supply chain for the EPC contract and (b) local site access for construction preparatory works due to flight and other disruptions resulted in the contractor declaring Force Majeure under the terms of the EPC contract. In March 2020, Pearl replicated a back-to-back declaration of Force Majeure to the Contractor under the EPC contract and to the KRG pursuant to the terms of the GSA 2 due to the COVID 19 pandemic. Throughout the remainder of 2020, both the contractor and Pearl took all commercially reasonable steps to mitigate the impact of COVID 19 on the delivery of the project and its timelines.

In April 2021, Pearl lifted Force Majeure under the GSA 2 with the Kurdistan Regional Government, agreeing a new target start date for first gas deliveries of 30 April 2023. In June 2021, Pearl and the Contractor also lifted Force Majeure under the EPC Contract and have agreed on a new completion date of 30 April 2023. The restarting of the expansion plans in the KRI demonstrates that all the parties working on the project are fully committed to executing the expansion project as quickly and as safely as possible. The Pearl consortium remains focused on completing the first 250 MMscf/d gas processing train by 30 April 2023.

The KM 250 gas expansion works currently under way at the Khor Mor plant are progressing on schedule, with the project now fully financed after securing a 7-year USD 250 million loan from the US International Development Finance Corporation in September 2021.

(b) Egypt E&P operations

The Group's production in Egypt for the 90 days of operations in Q1 2022 was 2.43 MMboe i.e. averaging 27,000 boepd (March 2021: 2.61 MMboe i.e. averaging 29,050), a decrease of 7% over the corresponding period. The fields annual natural decline was partially compensated by the wells drilling, workovers, intervention campaign and production optimization operations at field and plant level.

In Egypt, the Group collected a total USD 17 million (AED 62 million) during the period and hence realized 71% of the period's revenue. At period end, the trade receivable balance stood at USD 31 million (AED 114 million) as compared to USD 24 million (AED 88 million) at the end of 2021.

DANA GAS PJSC

Report of the Directors

UAE Gas Project

The UAE Gas Project includes Dana Gas' 35% interest in Crescent National Gas Corporation Limited (CNGCL), which is entitled to market the gas, and 100% interests in UGTC and Saj Gas, the entities that own the offshore riser platform, the offshore and onshore pipelines to transport the gas and the sour gas processing plant to process the gas.

Arbitration Cases

- a) The Gas Sales & Purchase Contract between Dana Gas' partner Crescent Petroleum and the National Iranian Oil Company ('NIOC') for the supply of gas to the UAE has been the subject of international arbitration since June 2009. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitral Tribunal has issued a Final Award on the merits, determining that the 25-year Contract between it and NIOC is valid and binding upon the parties, and that NIOC had been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Dana Gas share of award is USD 608 million (AED 2.23 Billion).

In addition, a second arbitration with a much larger claim for the 16.5 years covering the remainder of the gas supply period from 2014 to 2030 is currently underway, with the final hearing fixed for October 2022 in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive a portion of the next award which is expected to be more than the sum due from the first arbitration in keeping with the longer time period.

- b) MOL Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against MOL Hungarian Oil and Gas Public Limited Company ('MOL') on 14 February 2020 arising out of MOL's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum in accordance with the terms of the Sale and Purchase Agreement entered into between the Parties in 2009, through which MOL acquired its 10% shareholding in Pearl Petroleum.

The reserve based earn out payment obligations are the same obligations which MOL illegitimately sought to avoid and which was the subject of the 20 September 2017 arbitration award against MOL.

The arbitration will also address the separate and additional crude oil earn out payments arising out of the same 2009 Sale and Purchase Agreement.

- c) OMV Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against OMV Upstream International GMBH ('OMV') on 14 February 2020 arising out of OMV's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum in accordance with the terms of the Sale and Purchase Agreement entered into between the Parties in 2009, through which OMV acquired its 10% shareholding in Pearl Petroleum.

DANA GAS PJSC
Report of the Directors

Directors

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Ajit Vijay Joshi
4. Mr. Hani Abdulaziz Hussein
5. Mr. Jassim MohamadRafi Alseddiqi
6. Mr. Majid Hamid Jafar
7. Ms. Najla Ahmed Al-Midfa
8. Mr. Shaheen Al-Muhairi
9. Mr. Varoujan Nerguizian
10. H.E. Younis Al Khoori
11. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The Company auditors, Ernst & Young, have issued their review report on the interim condensed consolidated financial information of the Group.

On behalf of Board of Directors



Directors
10 May 2022

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DANA GAS PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dana Gas PJSC (“the Company”) and its subsidiaries (“the Group”) as at 31 March 2022 comprising of the interim condensed consolidated statement of financial position as at 31 March 2022 and the related interim condensed consolidated income statement and interim condensed consolidated statement of other comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to the matter described in notes 6, 7 and 9 of the interim condensed consolidated financial information which describes the current position with respect to arbitration proceedings that a key supplier of the Group has initiated against the ultimate supplier relating to delays in commencement of gas supplies, and the uncertainty surrounding the timing and final outcome of those arbitration proceedings. Our conclusion is not modified in respect of this matter.

Other matter

The interim condensed consolidated financial statements of the Group as at and for the three month period ended 31 March 2021 were reviewed by another auditor whose reports dated 9 May 2021 expressed an unmodified review conclusion.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner
Registration No. 687

10 May 2022

Dubai, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2022 (Unaudited)

	<i>Notes</i>	<i>Three months ended</i>			
		<i>31 March 2022</i>		<i>31 March 2021</i>	
		<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Gross revenue		140	513	106	389
Royalties		(40)	(146)	(36)	(132)
Net revenue		100	367	70	257
Operating costs & depletion		(33)	(121)	(25)	(92)
Gross profit		67	246	45	165
General and administration expenses		(3)	(11)	(3)	(11)
Other expenses		(2)	(7)	(2)	(7)
Investment and finance income		-	-	1	4
Impairment of financial assets		(1)	(4)	(1)	(4)
Change in fair value of asset held for sale		-	-	(14)	(51)
Finance cost		(1)	(4)	(1)	(4)
PROFIT BEFORE INCOME TAX		60	220	25	92
Income tax expense		(6)	(22)	(1)	(4)
PROFIT FOR THE PERIOD		54	198	24	88
PROFIT ATTRIBUTABLE TO:					
- Equity holders of the parent		54	198	24	88
- Non-controlling interest		-	-	-	-
		54	198	24	88
EARNINGS PER SHARE:					
Basic & Diluted earnings per share (USD/AED per share)	5	0.008	0.028	0.003	0.012

The attached notes 1 to 19 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME

Period ended 31 March 2022 (Unaudited)

	<i>Three months ended</i>			
	<i>31 March 2022</i>		<i>31 March 2021</i>	
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Profit for the period	54	198	24	88
- Other comprehensive income	-	-	-	-
- Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE				
- INCOME FOR THE PERIOD	54	198	24	88
ATTRIBUTABLE TO:				
- Equity holders of the parent	54	198	24	88
- Non-controlling interest	-	-	-	-
	54	198	24	88

The attached notes 1 to 19 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		31 March 2022 (Unaudited)		31 December 2021 (Audited)	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,020	3,739	1,013	3,713
Intangible assets	7	191	700	191	700
Investment property	8	20	73	20	73
Interest in joint ventures	9	363	1,331	363	1,331
Financial assets at fair value through profit or loss	10	63	231	66	242
		<u>1,657</u>	<u>6,074</u>	<u>1,653</u>	<u>6,059</u>
Current assets					
Inventories		21	77	21	77
Financial assets at fair value through profit or loss	10	53	194	53	194
Sum due following arbitration award	11	608	2,229	608	2,229
Trade and other receivables	12	132	484	107	392
Cash and cash equivalents	13	209	766	185	678
		<u>1,023</u>	<u>3,750</u>	<u>974</u>	<u>3,570</u>
TOTAL ASSETS		<u>2,680</u>	<u>9,824</u>	<u>2,627</u>	<u>9,629</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	1,908	6,995	1,908	6,995
Legal reserve		164	599	164	599
Voluntary reserve		32	116	32	116
Retained earnings		243	893	189	695
		<u>2,347</u>	<u>8,603</u>	<u>2,293</u>	<u>8,405</u>
LIABILITIES					
Non-current liabilities					
Borrowings	15	153	561	162	594
Trade payables and accruals		37	136	36	132
Provisions		18	66	17	62
		<u>208</u>	<u>763</u>	<u>215</u>	<u>788</u>
Current liabilities					
Borrowings	15	37	136	37	136
Trade payables and accruals		88	322	82	300
		<u>125</u>	<u>458</u>	<u>119</u>	<u>436</u>
Total liabilities		<u>333</u>	<u>1,221</u>	<u>334</u>	<u>1,224</u>
TOTAL EQUITY AND LIABILITIES		<u>2,680</u>	<u>9,824</u>	<u>2,627</u>	<u>9,629</u>



Director
10 May 2022



CEO
10 May 2022



CFO
10 May 2022

The attached notes 1 to 19 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2022 (Unaudited)

	Notes	Three months ended			
		31 March 2022		31 March 2021	
		USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit before income tax from		60	220	25	92
Adjustments for:					
Depreciation and depletion	6	19	70	10	37
Investment and finance income		-	-	(1)	(4)
Impairment of financial assets		1	4	1	4
Change in fair value of assets held for sale		-	-	14	51
Finance costs		1	4	1	4
		81	298	50	184
Changes in working capital:					
Trade and other receivables		(26)	(95)	(3)	(11)
Trade payables and accruals		2	7	(8)	(29)
Net cash generated from operating activities		57	210	39	144
Income tax		(6)	(22)	(1)	(4)
Net cash flows generated from operating activities		51	188	38	140
INVESTING ACTIVITIES					
Payment for property, plant and equipment		(15)	(56)	(14)	(51)
Investment and finance income received		-	-	1	4
Net cash flows used in investing activities		(15)	(56)	(13)	(47)
FINANCING ACTIVITIES					
Proceeds from sale of treasury shares		-	-	7	26
Repayment of borrowings		(9)	(33)	(1)	(4)
Proceeds from borrowings		-	-	11	40
Finance costs paid		((3	(11)	(1)	(4)
Net cash flows (used in) / generated from financing activities		(12)	(44)	16	58
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		24	88	41	151
Cash and cash equivalents at the beginning of the period		185	678	109	399
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	209	766	150	550

The attached notes 1 to 19 form part of these interim condensed consolidated financial information

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2022 (Unaudited)

		Attributable to equity holders of the Company																											
		Retained earnings/								Non-controlling																			
		Share capital				Legal reserve				Voluntary reserve				Other reserves				Treasury Shares				Non-controlling interest				Total			
		USD	AED	mm		USD	AED	mm		USD	AED	mm		USD	AED	mm		USD	AED	mm		USD	AED	mm		USD	AED	mm	
		Mm																											
As at 1 January 2022		1,908	6,995	164	599	32	116	189	695	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,293	8,405	-	-
Profit for the period		-	-	-	-	-	-	54	198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54	198	-	-
Total comprehensive income for the period		-	-	-	-	-	-	54	198	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54	198	-	-
As at 31 March 2022		1,908	6,995	164	599	32	116	243	893	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,347	8,603	-	-
As at 1 January 2021		1,908	6,995	132	483	132	483	(20)	(75)	-	-	-	-	(9)	(33)	-	-	2	8	-	-	-	-	-	-	2,145	7,861	-	-
Profit for the period		-	-	-	-	-	-	24	88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	88	-	-
Total comprehensive income for the period		-	-	-	-	-	-	24	88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	88	-	-
Sale of treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	7	26	-	-	-	-	-	-	-	-	-	-	7	26	-	-
Transfer		-	-	-	-	-	-	(2)	(7)	-	-	-	-	2	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021		1,908	6,995	132	483	132	483	2	6	-	-	-	-	-	-	-	-	2	8	-	-	-	-	-	-	2,176	7,975	-	-

The attached notes 1 to 19 form part of these interim condensed consolidated financial information.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

1 CORPORATE INFORMATION

Dana Gas PJSC (“Dana Gas” or the “Company”) was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its subsidiaries, joint operations and joint ventures constitute the Group (the “Group”). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company’s registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with a presence in Cairo (Egypt) and Kurdistan Region of Iraq.

For the period ended 31 March 2022, the Group is in compliance with the provisions of the UAE Federal Law No. (2) of 2015 (as amended). On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 concerning Commercial Companies Law (New Companies Law) was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015 (as amended). The New Companies Law granted companies 12 months from 2 January 2022 to comply with the provisions of New Companies Law and to adjust their positions.

Principal subsidiaries and joint arrangements of the Group at 31 March 2022 and 31 December 2021 and the Company’s (direct and indirect) percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana LNG Ventures Limited	100	British Virgin Islands	Intermediate holding company of Dana Gas Egypt
Dana Gas Red Sea Corporation	100	Barbados	Holding company of Dana Gas Egypt
Dana Gas Egypt Ltd	100	Barbados	Oil and Gas exploration (“Dana Gas Egypt”) & production
Dana Gas Explorations FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company (“Saj Gas”)	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited (“UGTC”)	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>		
Pearl Petroleum Company Limited (“Pearl Petroleum”)	35	British Virgin Islands	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Unincorporated	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>		
Crescent National Gas Corporation Limited (“CNGCL”)	35	British Virgin Islands	Gas Marketing
GASCITIES Ltd	50	British Virgin Islands	Gas Cities

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information has been prepared on a historical cost basis, except for investment property and financial assets at fair value through profit or loss that have been measured at fair value. The interim condensed consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million (USD mm) except where otherwise indicated. The United Arab Emirates Dirham (AED) amounts have been presented solely for the convenience to readers of the interim condensed consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2022 ("the period") are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. Hence, the interim condensed consolidated financial information do not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards and should be read with the Group's consolidated financial statements for the year ended 31 December 2021. The results for the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2022.

Standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations as of 1 January 2022. These new standards and interpretations did not have any major impact on the accounting policies, financial position or performance of the Group.

The Group did not early adopt any standard, interpretation or amendment that was issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and accompanying disclosures, and the disclosure of contingent asset and liabilities at the date of the interim condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

There has been no change in judgement, estimate and assumption used at 2021 year end.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units. Unallocated amounts are included in General & administration expenses, investment and finance income, other income, other expenses and finance cost.

Three months ended 31 March 2022 (Unaudited)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Gross revenue	1	70	69	140
Royalties	-	(40)	-	(40)
Net revenue	1	30	69	100
Operating cost & depletion	(1)	(17)	(15)	(33)
Gross profit	-	13	54	67
General and administration expenses	-	-	-	(3)
Other expenses	-	-	-	(2)
Impairment of financial assets	(1)	-	-	(1)
Finance cost	-	-	-	(1)
Profit before income tax				60
Income tax expense	-	(6)	-	(6)
Net profit for the period				54
Segment assets as at 31 March 2022	1,603	163	914	2,680
Segment liabilities as at 31 March 2022	99	45	189	333

Other segment information

Capital expenditure:				
Property, plant and equipment	-	5	21	26
Total	-	5	21	26
Depreciation & depletion	1	9	9	19

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

4 SEGMENT INFORMATION (continued)

Three months ended 31 March 2021 (Unaudited)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Gross revenue	1	61	44	106
Royalties	-	(36)	-	(36)
Net revenue	1	25	44	70
Operating cost & depletion	(1)	(10)	(14)	(25)
Gross profit	-	15	30	45
General and administration expenses	-	-	-	(3)
Other expenses	-	-	-	(2)
Investment and finance income	-	-	-	1
Impairment of financial asset	(1)	-	-	(1)
Change in fair value of asset held for sale	-	(14)	-	(14)
Finance cost	-	-	-	(1)
Profit before income tax				25
Income tax expense	-	(1)	-	(1)
Net profit for the period				24
Segment assets	1,316	186	812	2,314
Assets classified as held for sale	-	146	-	146
Total assets	1,316	332	812	2,460
Segment liabilities	116	7	115	238
Liabilities directly associated with asset held for sale	-	46	-	46
Total liabilities	116	53	115	284
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	8	15	23
Total	-	8	15	23
Depreciation & depletion	1	-	9	10

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

5 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>USD mm</i>	<i>USD mm</i>
Earnings:		
Net profit for the period - USD mm	54	24
	<hr/>	<hr/>
Shares:		
Weighted average number of shares outstanding – million	6,995	6,961
	<hr/>	<hr/>
Earnings per share (Basic)– USD:	0.008	0.003
	<hr/>	<hr/>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2022	14	12	1,658	385	44	119	389	2,621
Additions	-	-	3	2	-	-	21	26
At 31 March 2022	14	12	1,661	387	44	119	410	2,647
Depreciation/ depletion:								
At 1 January 2022	-	7	1,165	269	34	67	66	1,608
Depreciation/depletion charge for the period	-	-	15	3	-	1	-	19
At 31 March 2022	-	7	1,180	272	34	68	66	1,627
Net carrying amount:								
At 31 March 2022	14	5	481	115	10	51	344	1,020

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 15).

Property, plant and equipment include financing cost amounting to USD 17 million as at 31 March 2022 (2021: USD 15 million) on borrowings for ongoing development and capitalised using effective interest rate of the specific borrowing.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Cost:	Freehold Land	Building	Oil and gas	Plant and	Other	Pipeline &	Capital	Total
	USD mm	USD mm	interests	equipment	assets	related	work-in-	USD mm
			USD mm	USD mm	USD mm	facilities	progress	USD mm
At 1 January 2021	14	12	521	244	34	119	301	1,245
Additions (net)	-	-	22	1	-	-	88	111
Transfer from asset held for sale	-	-	1,115	140	10	-	-	1,265
At 31 December 2021	14	12	1,658	385	44	119	389	2,621
Depreciation/ depletion:								
At 1 January 2021	-	6	93	109	25	63	1	297
Depreciation/depletion charge for the year	-	1	46	11	1	4	-	63
Impairment	-	-	-	9	-	-	65	74
Transfer from asset held for sale	-	-	1,026	140	8	-	-	1,174
At 31 December 2021	-	7	1,165	269	34	67	66	1,608
Net carrying amount:								
At 31 December 2021	14	5	493	116	10	52	323	1,013

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 15).

Property, plant and equipment include financing cost amounting to USD 15 million as at 31 December 2021 (2020: USD 8 million) on borrowings for ongoing development and capitalised using effective interest rate of the specific borrowing.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT (continued)

The majority of Saj Gas and UGTC assets have not been depreciated as commercial activity has not yet begun. Saj Gas assets are to be used for processing and sweetening of the gas received from CNGCL and UGTC assets are to be used in transportation of the same gas. CNGCL was to receive gas from Crescent Petroleum who relied on its contracted gas supplier NIOC. The failure by NIOC to supply gas meant that Saj Gas and UGTC assets could not be put to use. Crescent Petroleum is continuing with an international arbitration in relation to NIOC's supply failure in default of its 25 year gas supply contract.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Following the first arbitration award, management carried out an assessment of the recoverable values of the Saj Gas and UGTC assets and based on the expected future cash flows to be generated by the assets had recognised an impairment provision of USD 74 million against these assets in 2021.

Oil and Gas Interests

Oil and gas interests relates to retained concessions in Dana Gas Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 5% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This development lease has 40.7 sq. km of land included within its boundary and is located in the Nile Delta of Egypt.
- West El Manzala Development Leases (West El Manzala Concession) - These development leases are held with a 100% working interest. These development leases have 261.5 sq. km of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 88% of Dana Gas Egypt current production.
- West El Qantara Development Leases (West El Qantara Concession) - These development leases are held with a 100% working interest. These development leases have 76.5 sq. km of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 6% of Dana Gas Egypt current production.
- North El Salhiya Development Lease - This development lease is held with a 100% working interest. This development lease has 11.6 sq.km of land included within its boundaries and is located in the Nile Delta of Egypt. To date, this development lease is producing both natural gas and associated liquids representing 1% of Dana Gas Egypt current production.

7 INTANGIBLE ASSETS

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2022	201	289	145	635
Less: accumulated impairment	(201)	(98)	(145)	(444)
Net book amount at 1 January 2022	-	191	-	191
Addition	-	-	-	-
At 31 March 2022 (unaudited)	-	191	-	191
At 31 December 2021 (audited)	-	191	-	191

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

7 INTANGIBLE ASSETS (continued)

(a) Transmission and sweetening rights

Intangible assets include USD 191 million (2021: USD 191 million) which represent the rights, for the transmission and sweetening of gas and related products, acquired by the Company through its shareholdings in Saj Gas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC. The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Dana Gas will receive USD 608 million (AED 2.23 Billion). Following the first arbitration award, management had carried out an assessment of the recoverable values of the transmission & sweetening rights and based on the expected future cash flows to be generated by these assets recognised an impairment provision of USD 98 million in 2021.

In addition, a second arbitration with a much larger claim for the 16.5 years covering the remainder of the gas supply period from 2014 to 2030 is currently underway, with the final hearing fixed for October 2022 in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive a portion of the next award. Based on advice from Crescent Petroleum, management believes that the sums expected from the second arbitration will be sufficient to cover the remaining carrying value of the related assets.

8 INVESTMENT PROPERTY

	31 March 2022 USD mm	31 Dec 2021 USD mm (Audited)
Balance at 1 January	20	20
Change in fair value	-	-
Balance at 31 March/December	20	20

Investment property consists of industrial land owned by Saj Gas, a subsidiary, in the Sajaa area in the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 31 December 2021 and resulted in a valuation of USD 20 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

9 INTEREST IN JOINT VENTURES

Investment in joint venture at the period end relates to Dana Gas' 35% interest in CNGCL and represents the rights for the purchase and sale of gas and related products acquired by the Company in 2005. The fair value of the rights acquired was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

CNGCL is a company established on 22 July 2003 and is owned by Crescent Petroleum (65%) and Dana Gas (35%). Its primary purpose is to market natural gas and its associated products in the UAE purchased from Crescent Petroleum whose contracted gas supplier was NIOC. Commercial activity in CNGCL has not yet commenced. NIOC's failure to supply gas meant that CNGCL could not source any gas to on-sell to end users. Crescent Petroleum is continuing with international arbitration in relation to NIOC's default. The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014 and Dana Gas will receive USD 608 million (AED 2.23 Billion). Following the first arbitration award, management had carried out an assessment of the recoverable values of the interest in joint venture and based on the expected future cash flows to be generated recognised an impairment provision of USD 188 million in 2021.

In addition, a second arbitration with a much larger claim for the 16.5 years remainder of the contract from 2014 to 2030 is currently underway, with the final hearing fixed for October 2022 in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive a portion of the next award. Based on advice from Crescent Petroleum, management believes that the sums expected from the second arbitration will be sufficient to cover the remaining carrying value of the related assets.

Moreover, we are aware that Crescent Petroleum has made provision in its damages claim against NIOC for reimbursement of the losses suffered by the Company including any third party claims where damages would ultimately be assessed and decided by a Court.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2022 USD mm	31 Dec 2021 USD mm (Audited)
Balance at 1 January	119	98
Recognised during the period/year	-	34
Received during the period/year	(3)	(13)
Balance at 31 March/December	<u>116</u>	<u>119</u>

Financial assets classification between non-current and current assets is as follows:

	31 March 2022 USD mm	31 Dec 2021 USD mm (Audited)
Current assets	53	53
Non-current assets	<u>63</u>	<u>66</u>
	<u>116</u>	<u>119</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

During 2019, the Company has recorded certain reserve based earn out entitlements as financial assets at fair value through profit or loss. These are due from certain shareholders in Pearl Petroleum as considerations which were contingent upon proving up additional reserves in Pearl Petroleum.

In addition, as part of the settlement agreement with RWE Supply & Trading GmbH ("RWE") the Company is entitled to and has recognised certain confined payments which are due only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity in Pearl). During the period, the Company has received an amount of USD 3 million towards such confined payments.

Financial assets at fair value through profit or loss also includes an investment in the Abraaj Infrastructure Fund. As the fund managing entity is under liquidation, this investment was fully impaired in the prior year.

11 SUM DUE FOLLOWING ARBITRATION AWARD

	31 March 2022 USD mm	31 Dec 2021 USD mm (Audited)
Sum due following arbitration award	608	608

In 2021, the Company was informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. The first arbitration covers the period of the first 8.5 years of the 25 years gas sales agreement from 2005 to mid-2014.

The damages sum due to Dana Gas is USD 608 million (AED 2.23 billion) which has been recorded during 2021. The amount is expected to be fully recovered through an enforcement process to be undertaken by Crescent Petroleum and the Company expects to receive the sum due to it within the next twelve months.

12 TRADE AND OTHER RECEIVABLES

	31 March 2022 USD mm	31 December 2021 USD mm (Audited)
Trade receivables (net)	90	67
Prepaid expenses	2	1
Due from joint ventures	17	17
Accrued revenue (note c)	8	8
Other receivables	15	14
	132	107

a) Trade receivables are interest bearing and are generally on 5-60 days credit period.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

12 TRADE AND OTHER RECEIVABLES (continued)

b) The ageing analysis of trade receivables is as follows:

	Total USD mm	Not past due USD mm	Past due				>120 days USD mm
			<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	
31 March 2022	90	59	24	7	-	-	-
31 Dec. 2021	67	51	16	-	-	-	-

c) In July 2019, an audit of the KRI pipeline metering system revealed that a meter at the Khor Mor plant had, since November 2018, been over-reporting the volume of gas supplied by the Company to the KRG by 5.9%. Another issue also discovered concurrently was an under-reporting of the heating value of the sales gas.

Whilst interim steps were taken to correct the over-reporting in July 2019, the Company and the KRG also agreed a series of steps to install full fiscal metering to resolve this issue. In the meantime, a provisional interim adjustment, relating to the period November 2018 to July 2019, was applied to the invoices of July, August and September 2019. This adjustment amounted to USD 23 million (DG Share: USD 8 million) with the final resolution of the provisional adjustment only once the final adjustment and reconciliation is completed. The implementation schedule for the fiscal metering package has been delayed due to COVID-19. The new system is expected to be operational in 2022. Accordingly, the provisional adjustment to amounts due from the KRG has been reflected in this financial statement as an accrued revenue asset.

13 CASH AND CASH EQUIVALENTS

	31 March 2022 USD mm	31 Dec 2021 USD mm <i>(Audited)</i>
Cash at bank		
- Local Banks within UAE	40	53
- Foreign Banks outside UAE	7	17
Short-term deposits		
- Local Banks within UAE	162	115
Cash and cash equivalents	209	185

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods ranging between one week and twelve months, depending on the immediate cash requirements of the Group, earn profit at the respective short-term deposit rates and are repayable on demand. The fair value of cash and bank balance including short-term deposits is USD 209 million (31 December 2021: USD 185 million). The effective profit rate earned on short term deposits ranged 0.1% to 1.75% (2021: 0.11% to 2.25%) per annum. As at 31 March 2022, 97 % (31 December 2021: 91%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and bank balance of USD 209 million, 3% of the amount was held in Egyptian pounds (2021: 9%).

Cash & cash equivalent includes USD 71 million (DG Share 35%) held by Pearl joint venture.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

14 SHARE CAPITAL

	31 March 2022 USD mm	31 Dec 2021 USD mm <i>(Audited)</i>
Issued and fully paid up: 6,995,373,373 (2019: 6,995,373,373) common shares of AED 1 each (USD 0.2728 each)	1,908	1,908

15 BORROWINGS

	31 March 2022 USD mm	31 Dec 2021 USD mm <i>(Audited)</i>
Non-current		
Term loan facility (a)	52	57
Loan facility (b)	101	105
	153	162
Current		
Term loan facility (a)	19	19
Loan facility (b)	18	18
	37	37
Total Borrowings	190	199
	31 March 2022 USD mm	31 Dec 2021 USD mm <i>(Audited)</i>
Total Borrowings (including Pearl joint operations)	190	199
Less: Pearl's Loan facility– Non recourse to Dana Gas	(119)	(123)
Dana Gas borrowings	71	76

(a) Term loan facility

Dana Gas PJSC and Dana Gas Egypt Ltd ("DGE") together ("the borrowers") entered into a term loan facility with a local UAE bank on 14 October 2020 ("Signing date"), for partly refinancing the Company's Sukuk. The term loan facility amounts to USD 90 million for a period of one year at an initial 3% per annum margin over LIBOR. The facility was fully drawn down on 22 October 2020. The first repayment date was on the six month anniversary of the signing date with original termination date falling one year from the signing date, with an option to extend for a further period of four years. During 2021, the Company has exercised its option to extend the facility for a further period of four years. As of 31 March 2022, the amount outstanding towards principal is USD 71 million.

The term loan facility is secured against the shares of Dana Gas Red Sea Corporation, Dana Gas Egypt Ltd, and Dana LNG Ventures (BVI) and against certain other assets in UAE and Egypt.

Under the terms of the facility, the company is required to comply with certain financial covenants and the Company has complied with these covenants as of 31 March 2022.

15 BORROWINGS (continued)

(b) Loan facility – Pearl Petroleum

Pearl Petroleum on 18 September 2018 signed a USD 150 million non-recourse (to its shareholders including Dana Gas) loan facility “Facility Agreement” with a local UAE bank with original final repayment date of 30 September 2023 for financing its development activities. The Facility Agreement provides for a 2-year grace period followed by repayment in twelve equal quarterly instalments with the first repayment taking place in 31 December 2020. Pearl has since drawn down the full facility amount of USD 150 million. The repayment schedule for the facility has been amended by way of an Agreement executed on 30 June 2020. Repayments deferred from 2020 (USD 12.5 million) have been repaid during 2021. The remaining balance of the facility (i.e. USD 137.5 million of which USD 50 million was due in 2021) has been deferred by one year with the first repayment commencing made on 31 March 2022 and final repayment date on 30 September 2024. The repayment instalments under the facility of USD 50 million which are due by 31 March 2023 have been classified as current liabilities. During the three month period ended 31 March 2022, Pearl has made USD 12.5 million repayment of principal under the facility (cumulative principal repayment until Q1 2022 is at USD 25 million). The amended facility agreement also provides for capitalisation of interest payable during 2021, at the option of Pearl, with the repayment on 30 September 2024. Pearl has opted to capitalize the interest payable during the year 2021.

Pearl Petroleum signed a new term loan facility of USD 120 million non-recourse (to its shareholders including Dana Gas) on 12 December 2019 with a local UAE bank with final repayment date of 30 September 2023 for financing its development activities. The facility had a 2.5 year grace period and was repayable in eight equal quarterly instalments, with the first repayment taking place on 30 June 2022. The repayment schedule for this facility has been amended by way of an agreement executed on 30 June 2020, with the first quarterly repayment revised to be on 30 June 2023 and final repayment date of 30 September 2024. Pearl has since drawn down the full facility amount of USD 120 million (DG Share: USD 42 million).

Pearl signed on 7 September 2021 a USD 250 million term loan facility with the U.S. International Development Finance Corporation (“DFC”) with a final repayment date of 17 July 2028 for financing the construction, development and operation of a new 250 MMscfd gas processing facility and associated infrastructure located in the Khor Mor gas field. The facility has a 2.5 year grace period and is repayable in eighteen equal quarterly instalments, with the first repayment taking place on 17 April 2024. Pearl has drawn down USD 99.55 million (DG Share: USD 35 million) from the facility as at 31 March 2022.

Pearl has provided pari-passu security to the Lender by way of assignment of revenue, insurance, major construction contracts, registered pledge over Pearl’s certain existing production assets in Kurdistan for all the facilities and registered pledge over the new 250 mmscfd gas processing facility once the facility is fully operational. This financing is non-recourse to the Company.

The borrowings under the non-current liabilities are stated net of transaction costs and are carried at amortised cost as at 31 March 2022.

Under the terms of the loan facility, Pearl is required to comply with certain financial covenants and Pearl has complied with these covenants as of 31 March 2022.

16 COMMITMENTS

Pearl Petroleum

As at 31 December 2021, Pearl had capital commitments of circa USD 225 million (DG Share: USD 79 million) – (2021: USD 255.7 million – DG share: USD 89.5 million) which mainly includes commitments relating to engineering, procurement and construction contract for development of 250 MMscfd gas processing train in Khor Mor.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

17 RELATED PARTY DISCLOSURES

Note 1 provides information about the Group's structure, including details of the subsidiaries and joint arrangement.

	<i>Period ended 31 March 2022 USD mm</i>	<i>Period ended 31 March 2021 USD mm</i>
Fee for management services by shareholder	-	(1)
Fees for management services to Joint arrangement	1	1

Fees for management services relates to actual cost charged in respect of time spent by Dana Gas personnel on Joint venture activities and time spent by major shareholder personnel on activities related to Dana Gas.

18 DIVIDEND

At the Annual General Meeting of the Company held on 21 April 2022, the shareholders approved a final cash dividend of 4.5 fils per share for 2021 bringing the total cash dividend for the financial year ended 31 December 2021 to 8 fils (2020: 5.5 fils).

19 FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	<i>Carrying amount March 2022 USD mm</i>	<i>Fair value March 2022 USD mm</i>	<i>Carrying amount 2021 USD mm</i>	<i>Fair value 2021 USD mm</i>
Financial assets				
Trade and other receivables (excluding prepaid)	130	130	106	106
Financial assets at fair value through profit or loss	116	116	119	119
Cash and short term deposits	209	209	185	185
Financial liabilities				
Borrowings	190	190	199	199
Trade payables and accruals	125	125	118	118

The fair value of borrowings is determined as the present value of discounted future cash flows using market based discount rate. The fair value is not materially different from its carrying value.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3)

Valuation of investment property is determined with reference to comparable market transactions.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended 31 March 2022 (Unaudited)

19 FAIR VALUE ESTIMATION (continued)

The following table presents the Group' assets that are measured at fair value on 31 March 2022:

	Level 1 USD mm	Level 2 USD mm	Level 3 USD mm	Total USD mm
Assets				
Financial assets at fair value through profit or loss	-	-	116	116
Investment property	-	20	-	20
Total	-	20	116	136

The following table presents the Group' assets that are measured at fair value on 31 December 2021:

	Level 1 USD mm	Level 2 USD mm	Level 3 USD mm	Total USD mm
Assets				
Financial assets at fair value through profit or loss	-	-	119	119
Investment property	-	20	-	20
Total	-	20	119	139

There have been no transfers between Level 1 and Level 2 during the three months ended 31 March 2022 and year ended 31 December 2021.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.