



Dana Gas H1 2022 Financial Results – 11 August 2022

Investor Presentation Script

This is a Document which can be read alongside the H1 2022 results presentation material posted on our website in order to provide additional context to the presentation.

We will not be hosting an investor call for the first half. For further discussion please contact the Company's head of Investor Relations mohammed.mubaideen@danagas.com to schedule a call or answer any questions.

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The Company delivered a strong set of financial results in H1 2022. In the first six months of 2022, Dana Gas reported a net profit of \$111 million or 5.8 fils per share, a gain of 82% versus a normalized net profit of \$61 million.

Revenues increased 31% due also to elevated hydrocarbon prices and the Company's successful focus on cost control.

The Group's overall production in H1 2022 was 61,100 boepd, a 5% decrease from 64,000 boepd in H1 2021 as gains in the KRI were outweighed by a decrease in Egypt. Production output in the KRI gained 1% in H1 2022 with production averaging 34,500 boepd versus 34,300 in H1 2021.

At the end of H1 the Company's cash balance stood at \$207 million which included \$119 million held at the Pearl Petroleum level.

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On the left-hand side, you can see H1 2022 output decreased to 61,100 boepd, a 5% decline from 64,000 boepd in H1 2021. Production in the KRI was slightly higher at 34,500 boepd in H1 2022 versus 34,300 boepd in H1 2021, while in Egypt production fell by 9% to 26,600 boepd versus 29,150 boepd in H1 2021 as a result of natural field decline.



Average realised prices are highlighted on the bottom row. In H1 2022, condensate prices averaged \$87/bbl versus \$48/bbl in H1 2021. Condensate represents approximately 13% of our total production. Realized prices of LPG, which comprises 11% of our total production, averaged \$44/boe compared to \$32/boe in H1 2021.

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The operational performance of our Egyptian fields and the El Wastani processing plant was steady in H1 2022 due to further well production performance optimisation.

To enhance production and reserves, Dana Gas has identified several exploration and development opportunities in its four existing onshore concessions. However, these opportunities are marginal under the current concession terms. Therefore, the Company has actively engaged with EGAS to revise the existing terms of the concessions in order to unlock their remaining potential and extend the life of the assets. The Company is targeting to complete negotiations during Q3 with a positive outcome for both sides, which would then allow the Company to make meaningful investments and re-start of drilling activities towards the end of 2022 and the beginning of 2023.

Regarding our North el Arish offshore concession, which has a substantial resource potential of more than 20 tcf, we are currently in discussions with the Egyptian Government and EGAS on the status of the concession.

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In the KRI, our production operations continued with enhanced production in the first half.

The first phase of our 500 million scf/d expansion plan has been approved and the first 250 million scf/d train, KM250, is under construction.

Construction operations were temporarily halted after five small rockets landed within the Khor Mor block. There was no damage to production facilities and production operations continued uninterrupted. The Company is closely coordinating with the KRG and actively taking all necessary steps



to enhance security measures in Khor Mor to protect the facilities and personnel and to enable the resumption of EPC activities.

In the first half, drilling on KM13, the first development well was successfully completed with initial positive log results and drilling of KM14, the second development well, is in progress.

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The Company reported \$111 million in net profit in H1 2022 an 82% increase compared to a like for like net profit of \$61 million in H1 2021. H1 2021 net profit of \$139 million included a one-off reversal of \$78 million impairment which is excluded for a like for like comparison.

On the back of higher realized prices, increased production in the KRI and cost control measures the Company's revenue, gross profit and EBITDA increased 31%, 52% and 49% respectively.

Net profit for Q2 2022 was \$57 million as compared to the adjusted net profit of \$36 million in Q2 2021. The increase in revenue and profit was the result of higher hydrocarbon prices and our successful efforts to manage costs.

Q2 2022 gross revenue increased \$144 million versus \$110 million in Q2 2021.

Q2 2022 EBITDA increased to \$83 million versus \$60 million in Q2 2021.

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H1 2022, G&A was \$6 million compared to \$5 million in H1 2021, which remains extremely competitive on an industry wide basis for a company of Dana Gas' size. In addition, OPEX was reduced by \$5 million to \$26 million in H1 2022 from \$31 million in H1 2021, reflecting the Company's success in optimizing costs and the devaluation of the Egyptian pound.

The Company's capital expenditure totaled \$58 million in H1 2022 versus \$50 million in H1 2021. The Capex was split \$9 million in Egypt and \$49 million in the KRI.

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During the quarter, the Company generated a healthy \$105 million in free cash flow.

As of June 30, 2022, the Company's cash position was \$207 million, compared to \$185 million at the end of 2021. The cash position includes \$119 million being Dana Gas share of cash held at Pearl Petroleum. In May, Dana Gas distributed \$86 million (4.5 fils per share) in cash dividends to its shareholders.

At the end of the first half, the Company's total borrowings stood at \$208 million consisting of \$66 million currently outstanding from our corporate credit facility and \$142 million non-recourse project debt at Pearl level.

During the first half, Dana Gas received \$180 million in collections. The Company collected \$135 million from the KRI and \$45 million in Egypt.

The decline in Egypt collections was due to additional payments that were made by EGAS to settle overdue receivables in the first half of 2021.

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Dana Gas's produced a strong set of financial results in the H1 2022, driven by strong hydrocarbon prices and a robust operational performance. The net profit of \$111 million again reflects our ability to increase production in the KRI and maintain our low-cost base.

The H1 2022 results reinforce the robustness of our financial health and balance sheet, as a result the Board expects to maintain its semi-annual dividend payment in keeping with the Company's dividend policy. The interim dividend will be considered by the Board at its meeting in September.

In terms of our drilling activities, we are pleased with the progress we have made, including the successful drilling of our first developmental well, KM13, and the start of drilling on our second developmental well, KM14. Once complete, the KM250 expansion project will raise our daily production by 25% to 700 million scf/d, enhancing our revenue and profitability.



Meanwhile, in Egypt, we are actively looking at several exploration and development opportunities and are in talks with EGAS to revise the terms of the existing concessions.

During the second half of the year, we will continue to take advantage of growth opportunities that are presented by our world class assets in the KRI and Egypt.

Dana Gas has produced another set of strong financial results and the outlook for the Company continues to remain positive.