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 year ended 31 December 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 year ended 31 December 2022
During the year, the Group earned gross revenues of USD 529 million (AED 1.9 billion) as compared to USD 452 million (AED 1.65 billion) in 2021, an increase of 17% due to higher realised prices during the year. This increase was partly offset by lower production in Egypt which declined by 8%. Realised price averaged USD 79/bbl for condensate and USD 42/boe for LPG compared to USD 54/bbl and USD 35/boe respectively in 2021 and positively impacted the revenues by USD 107 million.

The Group ended the year with an average production of 60,200 barrels of oil equivalent per day (boepd), a decrease of 3% compared to last year's production of 62,100 boepd. Production in Kurdistan increased by 1% from 33,800 boepd to 34,300 boepd in the corresponding year. This was offset by a drop in production in Egypt which fell 8% to 25,900 boepd as compared to 28,300 in 2021, due to natural decline in producing fields.

The Group achieved a Net Profit of USD 182 million (AED 667 million) in 2022 as compared to a Net Profit of USD 317 million (AED 1,163 million). Excluding the other income and impairments recognized in 2022 and 2021, the Group adjusted net profit for the year was higher by 53% at a record USD 196 million (AED 718 million) compared to adjusted net profit of USD 128 million (AED 469 million), reflecting strong underlying operating performance.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was higher at USD 332 million (AED 1,217 million) compared to USD 269 million (AED 986 million) in 2021 mainly due to increased revenue.

Liquidity and Financial Resources
Cash and bank balance at year end stood at USD 151 million (AED 553 million), a decrease of 18% compared to 2021 balance of USD 185 million (AED 678 million). Cash includes USD 88 million (AED 323 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 318 million (AED 1,166 million) during the year with Egypt and KRI contributing USD 85 million (AED 312 million) and USD 233 million (AED 854 million), respectively. During the year the Company paid a final dividend of 4.5 fils for 2021 and an interim dividend of 4.5 fils for the first half of 2022.

As at 31 December 2022, Egypt receivable stood at USD 30 million (AED 110 million) an increase of USD 6 million. In Kurdistan, receivable increased to USD 64 million (AED 235 million) from USD 43 million (AED 158 million) at the end of 2021. The increase in Kurdistan receivable is a result of delays in the payment of invoices.

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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.

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 risked[1] resources of petroleum initially in-place (PIIP) of the Khor Mor and Chemchemal 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 latest 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

Chemchemal
- 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 Resources[2] and Prospective Resources[3].

[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.

Reserves & Resources (continued)

(b) 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 2022. The Group's gross proved reserves (1P) as at 31 December 2022 were assessed at 23 MMboe (31 December 2021: 30 MMboe). The gross proved and probable reserves (2P) as at 31 December 2022 were estimated at 42 MMboe (31 December 2021:44 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2022 were estimated to be 62 MMboe (31 December 2021:73 MMboe).

GCA reserves estimation is based on the enhanced fiscal terms of the concession consolidation agreement with the Egyptian Natural Gas Holding Company (EGAS). The agreement is subject to the Egyptian parliament ratification which is expected later this year.

E&P Operations

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

Dana Gas's share (35%) of gross production in the KRI for 2022 was 12.5 MMboe, i.e. averaging 34,300 boe per day (2021 – DG Share 35%: 12.3 MMboe, averaging 33,800 boe per day), an increase of 1% when compared with the corresponding year. Following the successful completion of further plant de-bottlenecking enhancements at the Khor Mor facility in the second half of the year, the plant's production capacity increased by 50 MMscfd to 500 MMscfd. Gas production reached this new record of 500 MMscfd on the 14 January and will have a positive impact on production and revenues in 2023.

Dana Gas' share of collections for the year stood at USD 233 million (AED 854 million) and hence realised 91% of the year's revenue. At year end, Dana Gas' 35% share of trade receivable balance stood at USD 64 million (AED 235 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 1000 MMscfd.

In January 2020, Exterran – a leading oil and gas services provider, was appointed to carry out engineering, procurement and construction ("EPC") of a 250 MMSCFD gas processing train and provide operations related technical assistance services for 5 years post hand over of the plant. The EPC contract terms reflect Exterran's contractor financing whereby the plant will be predominantly funded by Exterran with repayment of principal with interest over five years following completion of the plant. Following declarations of force majeure in 2020 under the EPC contract due to COVID, work restarted end 2020. Pearl and Exterran agreed on a completion date of 30 April 2023. In 2022 Exterran was purchased by Enerflex.

Work on the KM 250 onsite EPC contract activities was temporarily suspended in June following rocket attacks in the area of the construction site and plant and a state of force majeure was declared. Subsequent to year end, following enhancement of the security arrangements, Enerflex and its subcontractors have started to remobilize to site and construction activities are now underway.

Production, drilling operations and non-EPC contract activities have continued throughout as normal.

E&P Operations

(b) Egypt E&P operations

Dana Gas Egypt ended 2022 with production for the full year of operations of 9.4 MMboe i.e. averaging 25,900 boepd (2021: 10.3 MMboe, i.e. averaging 28,300 boepd), a decrease of 8% over the corresponding year. The field annual natural decline of circa 20% was partially compensated by the intervention campaign and production optimization operations at field and plant level.

In Egypt, the Company collected a total USD 85 million (AED 312 million) during 2022 and hence realized 93% of the year's revenue. At year end, the trade receivable balance stood at USD 30 million (AED 110 million) as compared to USD 24 million (AED 88 million) at the end of 2021.

In Egypt, the Company reached an agreement with the Egyptian Natural Gas Holding Company (EGAS) for consolidation of its existing concessions on enhanced fiscal terms. The new terms will extend the life of Egypt's economic assets. The agreement is subject to the Egyptian parliament ratification which is expected later this year.

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 was informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC was made by the international arbitration tribunal on 27 September 2021. This first arbitration covered 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 was USD 608 million (AED 2.23 Billion) which was recorded in the books 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. The final hearing was scheduled to commence in October 2022 in Paris, however was delayed to March 2023. The hearing has been further deferred and is now anticipated later this year. The final award on damages is expected by 2024. 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 Company received the final award in December from London Court of International Arbitration (LCIA). The arbitration panel dismissed the claims and ruled that the Company is not entitled to the earn-out payments.

Arbitration Cases (continued)

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.

   Subsequent to year-end, the Company received the final award from London Court of International Arbitration (LCIA). The arbitration panel dismissed the claims and ruled that the Company is not entitled to the earn-out payments.

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 financial statements have been audited by Ernst & Young.

On behalf of the Board of Directors

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the company as of, and for, the periods presented in the report.

Directors
07 March 2023