



## Dana Gas announces Net Profit of AED 586 million (\$160mm) for FY 2023

### Highlights – FY 2023

- Net profit of AED 586 million (\$160mm) versus AED 667 million (\$182mm) in FY 2022
- AED 1.55 billion (\$423mm) in revenue
- KRI production increased 8% with record production achieved in Q4 2023, reaching 520 MMscf/d
- New payment mechanism in the KRI to ensure timely collections

**Sharjah, UAE; 8 February 2024:** Dana Gas PJSC (the “Company”), the Middle East’s largest regional private sector natural gas company, today announced its un-audited preliminary financial results for the full year ended 31 December 2023.

The Company reported a net profit of AED 586 million (\$160mm) in 2023 as compared to AED 667 million (\$182mm) in 2022. The decline in profits was primarily due to lower realized hydrocarbon prices partly offset by a production increase in the Kurdistan Region of Iraq (KRI) and reduced operating costs. Revenue decreased 20% to AED 1.55 billion (\$423mm) in 2023 compared to AED 1.94 billion (\$529mm) in 2022. Operational costs decreased by 7% to AED 195 million (\$53mm) in 2023 compared to AED 210 million (\$57mm) in 2022, due to prudent cost controls. The Company’s realized prices in 2023 averaged \$51/bbl for condensate and \$35/boe for LPG compared to \$79/bbl and \$42/boe respectively in 2022.

Net production in the KRI increased 8% to 36,900 boepd in 2023. The increase was a result of the successful completion of further plant de-bottlenecking enhancements at the Khor Mor facility, a strategic response to the growing demand for natural gas in the KRI. In November 2023, to help meet the growing power demand and further support local power generation, the Company achieved a record production output of 520 MMscf/d.

Pearl Petroleum continued to make steady progress on the KM250 expansion project in 2023, with the drilling of six KM250 project wells successfully completed, and it expects completion of the KM250 project in the second half of this year.

The Company anticipates the ratification by the Egyptian Parliament of the consolidated Concession Agreement in Q1 2024. This agreement is set to extend the operational lifespan of the Company’s Egyptian assets and support its production levels and includes further investment of approximately \$100 million.

The Company has recently made notable progress in improving its collections including past receivables. In the KRI a new payment mechanism has been agreed with payments directly from the power stations to meet the obligations of the KRG as well as a schedule to collect past receivables. This has ensured the uninterrupted supply of gas to regional power plants and secured the investment needs to complete the KM250 expansion project.



Pearl Petroleum's prioritization of its capital requirements given the rise in receivables in 2023 has resulted in Pearl's shareholders, including Dana Gas, not receiving a dividend payment in 2023. Consequently, Dana Gas is not in a position presently to recommend a dividend to the upcoming shareholder's meeting. However, recognizing the Company's declared profitability in 2023, the Company does expect to make the associated dividend distributions in the future as sufficient cash is received. Dana Gas remains committed to its declared dividend policy, and to reinstating dividend payments as soon as the Company's cash receipts permit.

**Richard Hall, CEO of Dana Gas, commented:**

*"2023 was an operationally strong year for Dana Gas, but not without its challenges. In the KRI, we achieved record production in our gas output, an accomplishment that underscores our ability to optimize our resources. During the last quarter 2023, our financial position saw an improvement in our receivables in the KRI with a new mechanism agreed for direct payment from the power stations as well as a schedule to reduce past receivables, positioning us well for 2024, where enhancing our liquidity and reinstating dividends are key objectives for the company.*

*"Looking ahead to 2024, we will continue to work with our government partners in the KRI and Egypt to ensure timely payments of invoices and to achieve another year of successful operations. Our focus remains on developing our world class assets in the KRI and maximising the value of our Egypt assets, post ratification by the Egyptian Parliament."*

**Operations & Production**

Average group production declined slightly in 2023 to 58,700 boepd, a 2% reduction from 60,200 boepd in 2022. This was due to a 16% reduction in Egypt to 21,800 boepd, due to natural field declines. This was offset by an 8% increase in production output in the KRI to 36,900 boepd versus 34,300 boepd in 2022.

**Liquidity**

The Company's cash balance at year-end stood at AED 480 million (\$131mm), including AED 418 million (\$114mm) held at the Pearl level. In 2023, due to the increase in receivables from the KRG and the investment needs to complete the KM250 project, Pearl Petroleum Company Limited ("Pearl Petroleum") focused on preserving liquidity with no dividends paid to its shareholders including Dana Gas.

The Group's total collections amounted to AED 872 million (\$238mm) in 2023, of which the Company's share of Pearl Petroleum's collections in 2023 was AED 660 million (\$180mm) and its collections in Egypt was AED 212 million (\$58 mm).

As of 31 December 2023, the Company's share of KRI receivables stood at AED 378 million (\$103mm) and its Egypt receivables stood at AED 176 million (\$48mm). Subsequent to the year end, Pearl Petroleum has collected a further AED 249 million (\$68mm) in KRI.



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### **About Dana Gas**

Dana Gas is the Middle East's first and largest regional private sector natural gas Company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). It has exploration and production assets in Egypt, Kurdistan Region of Iraq (KRI) and UAE, with 2P reserves exceeding one billion boe and average production of approximately 60 Kboepd in 2023. With sizeable assets in KRI and Egypt, and further plans for expansion, Dana Gas is playing an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia (MENASA) region. Visit: [www.danagas.com](http://www.danagas.com)

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