

2021  
Integrated  
Report



دانة غاز  
DANA GAS

Creating sustainable  
long-term growth

# Contents



Section 1

# Corporate Governance Annual Report 2021

## 1. Dana Gas: Pioneering Corporate Governance

Dana Gas has recognized from the outset that the adoption of best corporate governance practices was fundamental to building a sound commercial reputation for a private sector corporation aspiring to be a leading oil and gas company in the Middle East. Corporate governance was and remains a priority to Dana Gas. At the very outset in April 2006, a few months after its incorporation, the Company commissioned the International Finance Corporation (IFC) (part of the World Bank Group) to assess corporate governance practices within the Company. They were asked to make appropriate recommendations with a view to improving the effectiveness of the Board of Directors, strengthening the control environment and ensuring that the disclosure and transparency practices of the Company were consistent with international best practice. The Company has continued to regularly benchmark its Corporate Governance compliance with local and global standards through external auditing.

The Company amended its Articles of Association in 2016 to be consistent with the provisions of the Chairman of the Securities and Commodities Authority's Decision No. 7 (R.M) of 2016 and its amendments. The Company has diligently implemented the prescribed norms of institutional governance standards at the level of the Board of Directors and approved a special committee to oversee and supervise the Company's compliance with applicable governance regulations and present periodical reports on corporate governance matters to the Board of Directors (CGR&N Committee). Further, at the Management level the Head of Internal Audit and the Company's Compliance Officer oversee adherence to corporate governance standards by employees, operating divisions, subsidiaries and counterparties.

The Securities & Commodities Authority (SCA) issued Chairman Decision No. (3/ Chairman) of 2020 concerning the Approval of Joint Stock Companies Governance Guide (the "Guide"). The Guide was published in the Official Gazette on 27 February 2020 and came into effect on 28 April 2020. The Company has conducted an overall internal review of its Articles of Association, internal policies and governance framework to ensure full compliance with the Guide and have included them in the Company's Articles of Association and its Code of Conduct in keeping with the Company's commitment to the highest governance standards.

The efforts of the Board of Directors and Executive Management to achieve the Company's strategy in realizing sustained growth and long term value for Shareholders is predicated on a firm commitment to corporate governance standards and practices. Compliance with these is considered instrumental in ensuring transparency, effective control and high performance necessary to translate the Company's strategies and plans into sound business ventures and projects, and, ultimately, into value to the Shareholders, whilst at the same time serving the interests of other stakeholders locally, regionally and internationally.

In 2010, the International Finance Corporation (IFC) published a report on "Corporate Governance Success Stories", demonstrating the business case for good corporate governance in the MENA region. The report shared the experience of 11 companies that had adopted governance improvements and the impact they made. According to the IFC, the impact for Dana Gas was access to substantial capital, reputation enhancement, demonstrable sustainability and significant board effectiveness and management control.

In September 2012, the Company was given by the Securities and Commodities Authority a special award in recognition of its good corporate practices. In 2015, Dana Gas commissioned 'Hawkamah', the Institute of Corporate Governance in the MENA Region, to carry out an audit of the corporate governance practices with reference to the Ministerial Resolution No 518/2009. The review confirmed that the Company's corporate governance practices remained top quartile and identified a number of improvements to ensure that the Company kept to the highest possible standards of corporate governance. Over 2017, the actions from the key recommendations were implemented under the review of the Corporate Governance, Remuneration and Nominations Committee (CGR&NC), further strengthening the corporate governance processes. During Q1 and Q2 2017, a Board Assessment exercise was carried out by Stanton Chase and the outcome / recommendations were presented to the Board of Directors in May 2017. The report highlighted that there was a high level of participation and transparency from Dana Gas Board Members. This exercise resulted in 8 key recommendations that were implemented over the course of the following 12 months. A Board Effectiveness Review and Succession Planning Process was carried out by Governance Creed during 2017 with a report delivered to the Board in November 2017.

In 2018, Dana Gas was assessed for the maturity of its business integrity framework and practices as part of the "Pearl Initiative" Gulf Integrity Indicator Project and its business integrity was duly recognized.

During 2017 and 2018, the Company introduced a number of new controls and rolled them out in business awareness sessions provided to the employees on the key terms and application of the Code of Conduct, Anti Bribery and Corruption Policy, Anti-Money Laundering Policy, the Work Place Policy and Corporate Share Dealing Code. A year-end exercise was conducted to seek employees' confirmation on understanding and compliance with these five key controls. In 2019, an audit of the application of the Anti-Bribery & Corruption Policy and Anti-Money Laundering Policy was conducted. In July 2019, Dana Gas appointed the Internal Auditors Association UAE (IAA) to conduct an assessment of the Internal Audit Activity and processes of Dana Gas. The principal objectives were to improve the Internal Audit Activity's quality, performance and use of best practices as well as its conformity to the IAA's International Standards for the Professional Practice of Internal Auditing. Dana Gas achieved the highest of the 3 possible ratings as "Generally Conforms" with Certification on Best Practice by the IAA. The certification will be active for 5 years to October 2024.

## 2. Statement of ownership and transactions of Board of Directors members and their spouses, their children in the company securities during 2021:

With respect to the matter of insider dealings, and in furtherance of Dana Gas' goal to ensure transparency, the Company adopted in September 2017 the Dana Gas PJSC Share Dealing Code (the "Code"). The Code comprise relevant provisions in the regulations issued by the Securities and Commodities Authority and Abu Dhabi Stock Exchange which largely reflects international best practice.

The Rules define the periods during which directors and employees are not permitted to deal in the Company's Securities. No Director or employee has traded in the securities of the Company during the closed periods set out in the Rules or in the Securities and Commodities Authority's Resolution No. 2/2001.

In regard to the dealings of the members of the Board of Directors and their spouses and children, only four Directors traded in the Securities of the Company during 2021. The transaction occurred outside the closed period set out and was duly approved by the Abu Dhabi Market Exchange as below:

Board Member	Position/ Relationship	Shares owned as of 31/12/2021	Total Sale Transactions	Total Purchase Transactions
Mr. Abdul Hameed Dhia Jafar	Chairman	-	-	-
Mr. Rashed Saif S. Al Jarwan Al Shamsi	Vice Chairman	1,600,000	-	1,600,000
Mr. Abdul Majid Abdul Hamid D. Jafar	Managing Director of Board Affairs	-	-	-
Mr. Varoujan A. Nerguizian	Director	5,500,000	-	-
Mrs. Nirva Billorian wife of Varoujan Nerguizian	Wife	570,000	-	-
Mr. Younis Haji Abdulla Hussain Alkhoori	Director	14,114,490	729,000	7,880,882
Mr. Hani Abdulaziz Hussain Al Terkait	Director	1,874	-	-
Mr. Ziad Abdulla Ibrahim Galadari	Director	4,132,855	10,000,000	-
Ms. Najla Ahmed Mohamed Hamad Almidfa	Director	55,000	-	-
Mr. Ajit Vijay Joshi Vijay Anant	Director	-	-	-
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri	Director	10,000,000	-	-
Mr. Jassim Mohamedrafi Alseddiqi Alansaari	Director	83,680	40,947,458	41,029,434

### 3. Board Formation:

The Board of Directors are elected by the General Assembly every 3 years. The number of members of the Board of Directors was originally 18 but was reduced subsequently to 12 in April 2015 and then reduced further to 11 members in April 2016 pursuant to the new Commercial Companies Law of 2015. The Annual General Assembly elected the current Board of Directors at its meeting held on 28 April 2021, where three new members joined the Board for the Term 2021-2024 replacing retiring members. The new Board Members elected were:

- Mr. Younis Haji Abdulla Hussain Alkhoori, Independent Director
- Ms. Najla Ahmed Mohamed Hamad Almidfa, Independent Director
- Mr. Ajit Vijay Joshi Vijay Anant, Independent Director

A number of the incumbent Directors have been on the Board since the incorporation of the Company in November 2005. The Board of Directors continues to include some of the leading businessmen from the GCC countries with considerable experience in the oil and gas business.

The current Board of Directors comprises of six Independent Directors and five non-independent Non-Executive Directors.

### A. Statement of the current Board formation according to the following schedule:

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
1	Mr. Abdul Hameed Dhia Jafar, Chairman of the Board	Non-Executive  Non-Independent	<p>Mr. Abdul Hameed Dhia Jafar attended St. Paul's School in London, and subsequently studied at Churchill College, Cambridge University, where he obtained his Bachelor's Engineering Degree (specializing in Thermodynamics &amp; Fluid Flow), followed by a Master's Degree.</p> <p>Mr. Abdul Hameed Jafar is the Founder and Chairman of the Crescent Group of companies headquartered in Sharjah in the UAE, with regional offices in the Middle East and the UK. The group is engaged in a variety of commercial ventures including container port operations, logistics, real estate, power generation and private equity.</p> <p>Mr. Jafar also promoted a culture of transparency and accountability in the Gulf Region through the "Pearl Initiative" (whose Board of Governors he initially chaired), founded in cooperation with the United Nations Office of Partnerships.</p> <p>Mr. Jafar is the founder of the UAE Chapter of the Young Presidents Organization and the World Presidents Organization (now "YPO Gold"), and is a member of the International Chief Executives Organization. In addition, Mr. Jafar has a wide range of philanthropic interests involving disabled and disadvantaged children, cancer treatment and education. He is a member of the Board of Trustees of the American University of Sharjah.</p>	16 years (2005-2021)		<ul style="list-style-type: none"> <li>■ Chairman, Crescent Group of companies</li> <li>■ Chairman, GulfTainer Ltd.</li> <li>■ Founding Shareholder, URUK Group</li> <li>■ Member, Board of Governors of Pearl Initiative</li> <li>■ Founder, UAE Chapters of the Young Presidents Organization and the World Presidents Organization</li> <li>■ Member, International Chief Executives Organization</li> <li>■ Member of the Board of Trustees, American University of Sharjah</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
2	Mr. Rashed Saif Al Jarwan Al Shamsi,  Vice Chairman	Non-Executive  Non-Independent	<p>Mr. Rashed Saif Al Jarwan Al Shamsi holds a Bachelor's Degree in Petroleum &amp; Natural Gas Engineering from Pennsylvania State University, USA.</p> <p>Mr. Rashed Al Jarwan is the Vice Chairman of Dana Gas. He also serves on the Board of several institutions such as the Emirates General Petroleum Corporation (EMARAT), Oman Insurance Company, Mashreq Bank, Al Ghurair Holding Company and Gulf Marine Services.</p> <p>He has extensive oil and gas experience over more than 40 years. Mr. Al Jarwan held the position of Acting CEO for one year and General Manager in Dana Gas for 3 years. Earlier he held the position of General Manager in ADGAS for 8 years and several technical and managerial posts in the ADNOC Group of companies in Abu Dhabi for 28 years.</p> <p>In addition, Mr. Al Jarwan is the Chairman of the Board Steering Committee in Dana Gas.</p>	13 years (2008-2021)	<ul style="list-style-type: none"> <li>■ Board member, Oman Insurance Company</li> <li>■ Board member, Mashreq Bank</li> <li>■ Board member, GMS</li> </ul>	<ul style="list-style-type: none"> <li>■ Board member, Emirates General Petroleum Corporation (EMARAT)</li> <li>■ Board member, Al Ghurair Holding Ltd- Board member, Gulf Marine Services</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
3	Mr. Abdul Majid Abdul Hamid D. Jafar,  Managing Director of Board Affairs	Non-Executive  Non-Independent	<p>Mr. Majid Jafar is the CEO of Crescent Petroleum, the Middle East's oldest private oil &amp; gas company, and Vice-Chairman of the Crescent Group of companies which includes interests in port management, logistics, venture capital, private equity and real estate. He is also Managing Director of the Board of Dana Gas PJSC, the leading publicly-listed natural gas company in the Middle East, in which Crescent is the largest shareholder. His previous experience was with Shell International's Exploration &amp; Production and Gas &amp; Power Divisions.</p> <p>In addition to his professional commitments, Mr. Majid Jafar is an advocate of responsible energy and sustainable development, and serves on the Energy Business Council of the International Energy Agency (IEA), the Advisory Board of the Responsible Energy Forum, the Stewardship Board of the Global System on Energy at the World Economic Forum, and the Board of Trustees of the Arab Forum for Environment and Development (AFED). He promotes education and youth employment, and is a Board Member of the Queen Rania Foundation and the Kalimat Foundation for Children's Empowerment, as well as a founding patron of the Prince's Trust International. He also serves on the Panel of Senior Advisers of the Royal Institute of International Affairs (Chatham House) in London, the International Advisory Board of The Atlantic Council in Washington DC, and the Board of Fellows of Harvard Medical School, and is a</p>	16 years (2005-2021)	-	<ul style="list-style-type: none"> <li>■ CEO, Crescent Petroleum Company, UAE</li> <li>■ Vice Chairman, Crescent Group of companies</li> <li>■ Board member, Arab Forum for Environment and Development (AFED)</li> <li>■ Board member, Iraq Energy Institute</li> <li>■ Board member, Queen Rania Foundation (QRF)</li> <li>■ Board member of Board of Fellows of Harvard Medical School, the Panel of Senior Advisers of the Royal Institute of International Affairs (Chatham House), and the International Advisory Board of the Prince's Trust International and The Atlantic Council</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
			<p>member of the GCC Board Directors Institute and the Young Presidents Organization (YPO), an Accredited Director of the Institute of Directors (IoD Mudara), and has been named a Young Global Leader by the World Economic Forum.</p> <p>Mr. Majid Jafar attended Eton College and graduated from Cambridge University (Churchill College) with Bachelor and Masters' Degrees in Engineering (Fluid Mechanics and Thermodynamics). He also holds an MA (with Distinction) in International Studies and Diplomacy from the University of London's School of Oriental &amp; African Studies (SOAS), an MBA (with Distinction) from the Harvard Business School, and an Executive Certificate in Public Policy from the Harvard Kennedy School of Government.</p>			

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
4	Mr. Varoujan A. Nerguizian	Non-Executive  Non-Independent	<p>Mr. Varoujan Nerguizian holds Sciences Economics Degree from Saint Joseph University, Lebanon and from Université Lyon Lumière, France (1976).</p> <p>Mr. Varoujan Nerguizian was appointed General Manager of Bank of Sharjah, UAE since 1992 and Group CEO since 2020. He is the Chairman and General Manager of Emirates Lebanon Bank SAL, Lebanon (member of Bank of Sharjah Group) since 2008.</p> <p>Mr. Nerguizian is a Founding Member of Dana Gas and the Chairman of the Audit &amp; Compliance Committee. He is also a Founding Member and Chairman of the Lebanese Educational Fund SA and the Lycée Libanais Francophone Privé in Dubai, a non-profit educational initiative that caters to the needs of the Lebanese and Francophone communities of the UAE since 2003. He serves on the Board of Growthgate and is a member on the Board of Trustees of the American University of Sharjah and the Conseil Stratégique de l'Université Saint Joseph, Beirut- Lebanon.</p>	16 years (2005-2021)	<ul style="list-style-type: none"> <li>■ General Manager of Bank of Sharjah since 1992 &amp; Group CEO since 2020</li> </ul>	<ul style="list-style-type: none"> <li>■ Chairman and General Manager, Emirates Lebanon Bank SAL, Lebanon</li> <li>■ Board member, Growthgate PEF</li> <li>■ Member of the Board of Trustees of the American University of Sharjah</li> <li>■ Member of the Conseil Stratégique de l'Université Saint Joseph, Beirut- Lebanon</li> <li>■ Founding member and Chairman, Lebanese Educational Fund SA</li> <li>■ Founding member and Chairman, Lycee' Libanais Francophone Prive', Dubai (non-profit educational institution)</li> <li>■ Board member, Pearl Initiative</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
5	Mr. Younis Haji Abdulla Hussain Alkhoori	Independent	<ul style="list-style-type: none"> <li>■ M.Sc. Engineering Management, Northeastern Boston University, USA 1993-1994</li> <li>■ B.Sc. Computer Engineering, Boston University, Boston, USA, 1989-1993</li> <li>■ Managing the operations of Ministry of Finance in UAE including but not limited to areas like government budget, revenue operations, revenue diversifications, financial policies and procedures, and Debt Management Office.</li> <li>■ Managing UAE's relations with regional and international institutions (IMF, World Bank, Arab Monetary Fund, Islamic Development Fund, OPEC Fund)</li> </ul>	8 months (Since April 2021)	-	<ul style="list-style-type: none"> <li>■ Board Member of Central Bank of the UAE</li> <li>■ Board Member of Al Etihad Credit Bureau</li> <li>■ Department of Finance, Abu Dhabi, Financial Management Information System, Project Manager</li> <li>■ Abu Dhabi National Oil Company, Abu Dhabi, Project Engineer</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
6	Mr. Hani Abdulaziz Hussain Al Terkait	Independent	<p>Mr. Hani Abdulaziz Hussain Al Terkait holds a Bachelor's Degree in Chemical Engineering from University of Tulsa in USA.</p> <p>Mr. Hani Al Terkait served as the Oil Minister in Kuwait until 2013 and Chief Executive Officer of Kuwait Petroleum Corporation (KPC) from 2004 until 2007.</p> <p>Mr. Al Terkait previously served on the Board of several companies such as Kuwait Foundation for the Advancement of Science and Supreme Council for Planning. He held various executive positions in several oil and petrochemical companies in Kuwait such as Kuwait National Petroleum Co., Petrochemical Industries Co., Public Authority for Industry, Hoechst German and Ikarus Petroleum Industries Company.</p>	6.9 years (2015-2021)	-	-

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
7	Mr. Ziad Abdulla I. Galadari	Non-Executive  Non-Independent	<p>Mr. Ziad Abdulla I. Galadari holds Bachelors of Laws (LLB) Degree from UAE University.</p> <p>Mr. Ziad Galadari is the Founder and Chairman of Galadari Advocates &amp; Legal Consultants. He has been practicing as Advocate, Legal Advisor and Arbitrator since 1983.</p> <p>Mr. Galadari is the Chairman of Galadari Investments Group. In addition, he serves as a Member of the Board of Dubai World Trade Centre and Emirates Integrated Telecommunications Company PJSC (DU). He is a member of Lawyers International Association and Institute of Chartered Arbitrators.</p>	16 years (2005-2021)	<ul style="list-style-type: none"> <li>■ Board member, Emirates Integrated Telecommunications Company (DU)</li> </ul>	<ul style="list-style-type: none"> <li>■ Founder &amp; Chairman, Galadari Advocates &amp; Legal Consultants, UAE</li> <li>■ Chairman, Galadari Investments Group, UAE</li> <li>■ Board member, Dubai World Trade Centre</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
8	Ms. Najla Ahmed Mohamed Hamad Almidfa	Independent	<p>Ms. Najla Al Midfa is the Chief Executive Officer of Sharjah Entrepreneurship Center (Sheraa), a government entity launched in 2016, with a mandate to build the entrepreneurial ecosystem in Sharjah, and support entrepreneurs as they build and grow innovative startups that will contribute positively to the region's economy.</p> <p>Prior to Sheraa, she held a senior position at Khalifa Fund for Enterprise Development, focused on SME financing, and was a consultant at McKinsey and Company's New York office, primarily serving clients across the financial institutions sector. Her previous professional experience also includes roles within PricewaterhouseCoopers and Shell.</p> <p>Najla is a board member of United Arab Bank, Emirates Development Bank, and Emirates Schools Establishment. She is also a Co-Chair of the 4th Industrial Revolution Working Group in the UK-UAE Business Council, Vice-Chairperson of Young Arab Leaders, and a board member of Endeavor UAE.</p> <p>Najla is a fellow of the Aspen Institute's Middle East Leadership Initiative, as well as an Eisenhower Global Fellow. Najla holds an MBA from Stanford University.</p>	8 months (Since April 2021)	<ul style="list-style-type: none"> <li>■ Board Directors, United Arab Bank</li> </ul>	<ul style="list-style-type: none"> <li>■ CEO and board member of the Sharjah Entrepreneurship Center (Sheraa)</li> <li>■ Board member, Emirates Development Bank</li> <li>■ Board member, Emirates Schools Establishment</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
9	Mr. Ajit Vijay Joshi Vijay Anant	Independent	<p>Mr. Ajit Joshi is the Head of Public &amp; Private markets at SHUAA Capital PSC. He is responsible for overseeing the Group's investments in publicly listed securities and private equities, while implementing a turnaround investment approach.</p> <p>Ajit has over 16 years of professional experience in technology consulting, equity research, investment banking and investment management. Prior to joining the Group, he worked with Bank Muscat's investment banking team where he advised and executed equity and debt advisory transactions across GCC's petrochemicals, contracting, oil gas services, marine and hospitality sectors.</p> <p>Ajit holds a Bachelor of Engineering degree in computer engineering and holds an MBA from Indian Institute of Management Lucknow.</p>	8 months (since April 2021)	<p>Board member of:</p> <ul style="list-style-type: none"> <li>■ Takaful Emarat PSC</li> <li>■ Eshraq Investments PJSC</li> <li>■ Head of Public &amp; Private markets at SHUAA Capital psc</li> </ul>	<ul style="list-style-type: none"> <li>■ Investment Manager of Goldilocks Limited, an ADGM-domiciled fund managed by ADCM Altus Investment Management Limited</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
10	Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri	Independent	<p>Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri holds a Bachelor's Degree in Business Communications Technology from Staffordshire University in the UK.</p> <p>Mr. Shaheen Almheiri is currently Board member of Al Rubaya Group since 2001. Al Rubaya Group is a leasing and real estate management company, commercial agencies and representation international companies.</p> <p>He also holds the position of Vice Chairman in Electromechanical Co., the sole agent for SIEMENS in Abu Dhabi, United Arab Emirates.</p> <p>Previously Mr. Almheiri was the Assistant Director of Marine Management at Abu Dhabi Environment Authority until 2010. In addition to his board membership in the National Corporation for Tourism and Hotels since 2010, he also is a member of the Audit Committee.</p>	3.8 years (since April 2021)	<ul style="list-style-type: none"> <li>■ Board member of National Corporation for Tourism and Hotels (NCTH), Abu Dhabi</li> <li>■ Member, Audit Committee of National Corporation for Tourism and Hotels, Abu Dhabi</li> </ul>	<ul style="list-style-type: none"> <li>■ Vice Chairman, Electromechanical Co., Abu Dhabi</li> </ul>

S/N	Name	Category	Qualifications and Experience	Period served as a BOD member of the Company since his first election date	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
11	Mr. Jassim Mohamedrafi Alseddiqi Alansaari	Independent	<p>Mr. Jassim Alseddiqi is the Chief Executive Officer of SHUAA Capital, the leading asset management and investment banking platform with c. USD 13 billion in assets under management.</p> <p>Jassim is known for his dynamic and innovative approach, having pioneered many investment strategies in the region. He is currently the Chairman of GFH Financial Group, Islamic Arab Insurance Company (SALAMA), Eshraq Investments, Khaleeji Commercial Bank and The Entertainer. He also serves on the boards of First Abu Dhabi Bank (FAB), Dana Gas PJSC and Abu Dhabi Chamber of Commerce and Industry.</p> <p>Jassim holds a BSc in Electrical Engineering degree from the University of Wisconsin-Madison and MSc in Electrical Engineering degree from Cornell University, USA He also served as a noted lecturer at the Abu Dhabi-based Petroleum Institute.</p>	3.2 years (since Nov 2021)	<p>Chairman of:</p> <ul style="list-style-type: none"> <li>■ Islamic Arab Insurance Company (SALAMA)</li> <li>■ GFH Financial Group</li> <li>■ Eshraq Investments</li> <li>■ Khaleej Commercial Bank</li> <li>■ Board member of First Abu Dhabi Bank PJSC</li> <li>■ CEO of SHUAA Capital PSC</li> </ul>	<ul style="list-style-type: none"> <li>■ Chairman of The Entertainer</li> </ul>

### **B. Statement of the percentage of female representation in the Board for 2021:**

During 2021, two female were nominated as candidate directors for Dana Gas. Ms. Najla Almidfa was elected as a Board member and accordingly there is (1) female representation in the Board member (representing 9% of the total Board members) in line with the requirements under the Corporate Governance Guide for listed companies issued by the Securities & Commodities Authority.

### **C. Directors' Remuneration**

The Corporate Governance, Remuneration and Nominations Committee proposes the annual remuneration of the members of the Board of Directors. In case of endorsement by the Board of Directors, it will be presented to the General Assembly for approval, pursuant to the provisions of the Commercial Companies Law, the Company's Articles of Association and the Board Remuneration Policy. The Executive Directors, if any, are not entitled to receive annual remuneration. The Board remuneration granted is disclosed in the Company's annual financial statements.

#### **1. The total remunerations paid to the Board members for 2020:**

No recommendation was submitted in the Annual General Meeting on the Directors annual remuneration for 2020 as the Company made a loss in that year.

#### **2. The total remunerations of the Board members proposed for 2021, and which will be presented in the Annual General Assembly meeting for approval:**

The recommendation for the proposed Directors' remuneration was submitted by the Corporate Governance, Remuneration and Nominations Committee to the Board of Directors at its meeting, which was held on 14 March 2022, for an amount of AED 9.45 million.

The proposed Directors' remuneration will be presented to the Annual General Assembly scheduled to be held on 21 April 2022 for approval.

#### **Details of the allowances for attending sessions of the committees of the Board, which were received by the Board members for 2021 fiscal year.**

The Directors receive annual payment for their work in Board committees. AED 100,000 is paid to Committee Chairs and AED 75,000 is paid to Committee members. Committees' membership payments are disclosed in the Company's financial statements.

Attendance allowance of AED 15,000 is provided to UAE non-resident Directors only to cover board, accommodation, transportation and other expenses. The allowance is withheld in case of non-attendance.

The Table below shows Board and Committees Attendance Allowances paid to the Directors during 2021.

#### Committees Attendance Allowances for 2021

Name of the Board Members	Name of Committee	Annual payment of Board committees membership (AED)	Allowance Amount Paid for non-residents* (AED)	Number of Meetings
	Board Steering Committee			7
Mr. Rashed Saif Al-Jarwan Al Shamsi, Chairman		100,000	-	
Mr. Abdul Majid Abdul Hamid D. Jafar		75,000	-	
Mr. Varoujan A. Nerguizian		75,000	-	
Mr. Said S. Youssef Arrata – non resident (until 28 April 2021)		-	-	
Mr. Hani Abdulaziz Hussain Al Terkait – non resident		75,000	25,104	
Mr. Jassim Mohamedrafi Alseddiqi Alansaari		75,000	-	
	Audit & Compliance Committee			6
Mr. Varoujan A. Nerguizian, Chairman (until 9 June 2021)		-	-	
Mr. Abdul Majid Abdul Hamid D. Jafar (until 9 June 2021)		-	-	
Mr. Abdullah Ali I. Almajdouie – non resident (until 28 April 2021)		-	-	
Mr. Nureddin S.M. Sehweil (until 28 April 2021)		-	-	
Mr. Jassim Mohamedrafi Alseddiqi Alansaari (Chairman since 6 May 2021)		100,000	-	
Mr. Younis Haji Abdulla Hussain Alkhoori (since 9 June 2021)		75,000	-	
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri (since 9 June 2021)		75,000	-	
Ms. Najla Ahmed Mohamed Hamad Almidfa (since 9 June 2021)		75,000	-	
Mr. Ajit Vijay Joshi Vijay Anant (since 9 June 2021)		75,000	-	

## Committees Attendance Allowances for 2021

Name of the Board Members	Name of Committee	Annual payment of Board committees membership (AED)	Allowance Amount Paid for non-residents* (AED)	Number of Meetings
	Corporate Governance, Remuneration & Nominations Committee			5
Mr. Hani Abdulaziz Hussain Al Terkait, Chairman – non resident (until 9 June 2021)		-	-	-
Mr. Said S. Youssef Arrata – non resident (until 28 April 2021)		-	-	-
Mr. Ziad Abdulla I. Galadari		75,000	-	-
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri (until 9 June 2021)		-	-	-
Mr. Nureddin S.M. Sehweil (until 28 April 2021)		-	-	-
Mr. Varoujan A. Nerguizian, Chairman (Since 9 June 2021)		100,000	-	-
Mr. Abdul Majid Abdul Hamid D. Jafar (Since 9 June 2021)		75,000	-	-
Mr. Younis Haji Abdulla Hussain Alkhoori (since 9 June 2021)		75,000	-	-
Ms. Najla Ahmed Mohamed Hamad Almidfa (since 9 June 2021)		75,000	-	-

\*Note: Allowance amount paid for non-residents of the UAE for attending Board & Committees meetings.

### 3. Details of the additional allowances, salaries or fees received by a Board member other than the allowances for attending the committees and their reasons.

No other additional allowances, salaries or fees were paid to the Board members other than the allowances for attending the committees and special recognition award of AED 750,000 (excluding VAT) for each member of the Board of Directors for 2020 in accordance with Article 29 of the Corporate Governance Guide.

### D. Number of the Board meetings held during 2021 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy:

According to the Company's Articles of Association, the Board of Directors meets at least once every 3 months. The Board of Directors held six (6) meetings during the year 2021, which is consistent with corporate governance standards laid down by the Chairman of the Authority's Decision No. 3 (R.M) of 2020 (as amended).

The Table below shows attendance of Board meetings by the Directors during 2021:

Board Members	27 January	10 March	27 April	9 June	22 September	17 November	Attendance by proxy
Mr. Abdul Hameed Dhia Jafar, Chairman	✓	✓	✓	✓	✓	X	-
Mr. Rashed Saif S. Al Jarwan Al Shamsi, Vice Chairman	✓	✓	✓	✓	✓	✓	-
Mr. Abdul Majid Abdul Hamid D. Jafar, Managing Director of Board Affairs	✓	✓	✓	✓	✓	✓	-
Mr. Varoujan A. Nerguizian	✓	✓	✓	✓	✓	✓	-
Mr. Said Youssef Arrata (until 28 April 2021)	✓	✓	✓	*	*	*	-
Mr. Hani Abdulaziz Hussain Al Terkait	✓	✓	✓	✓	✓	✓	-
Mr. Abdullah Ali I. Almajdouie (until 28 April 2021)	✓	✓	✓	*	*	*	-
Mr. Ziad Abdullah Ibrahim Galadari	✓	✓	✓	✓	✓	✓	-
Mr. Nureddin S.M. Sehweil (until 28 April 2021)	✓	✓	✓	*	*	*	-
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri	✓	✓	✓	✓	✓	✓	-
Mr. Jassim Mohamedrafi Al Siddiqi Alansaari	✓	✓	✓	✓	✓	X	-
Mr. Younis Haji Abdulla Hussain Alkhoori (since 28 April 2021)	*	*	*	✓	✓	✓	-
Ms. Najla Ahmed Mohamed Hamad Almidfa (since 28 April 2021)	*	*	*	✓	✓	✓	-
Mr. Ajit Vijay Joshi Vijay Anant (since 28 April 2021)	*	*	*	✓	✓	X	-

✓ Attend in person   X Absent   \* Not a member   No attendance by proxy

### E. Number of Board resolutions by circulation passed during the 2021 fiscal year:

According to Article 30 of the Company's Articles of Association, the Board of Directors may issue resolutions by circulation in cases of urgency. Such resolutions shall be valid and effective. During 2021, two resolutions by circulation were passed as below:

1. In August, the Board of Directors passed a resolution by circulation regarding approving the DFC Financing Transaction. (Resolution No. 35/2021).
2. In November, the Board of Directors passed a resolution by circulation concerning recommendation to increase dividends and to call a general assembly in December 2021. (Resolution No. 39/2021).

**F. Statement of the Board duties and powers exercised by Board members or the executive management during 2021 based on authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:**

<b>Name of the Authorized person</b>	<b>Delegation Authority</b>	<b>Duration of the Delegation</b>
Mergers & Acquisition Committee	To consider the timing, desirability, assessing interests and to submit recommendations to the Board of Directors. It comprises of Mr. Majid Jafar, Mr. Rashid Al-Jarwan, Mr. Said Arrata, Mr. Hani Hussain and Mr. Jassim Alseddiqi.	Ongoing from September 2020.
London Stock Exchange (LSE) Committee	To consider creating value to shareholders through listing Dana Gas in the London Stock Exchange. It comprises of Mr. Jassim Mohamedrafi Alseddiqi, Mr. Abdul Hameed Dhia Jafar, Mr. Varoujan A. Nerguizian, Mr. Ziad Abdulla I. Galadari, Mr. Abdul Majid Jafar and Mr. Said S. Youssef Arrata.	Ongoing from January 2019.
Egyptian Assets Strategy Review Committee (until 28 April 2021)	To undertake a strategic review of the Company's Egyptian oil and gas assets. It comprises of Mr. Abdul Hameed Dhia Jafar, Mr. Varoujan A. Nerguizian, Mr. Ziad Abdulla I. Galadari, and Mr. Nureddin S.M. Sehweil.	From March 2019 until 28 April 2021.
Managing Director of Board Affairs	To assist the Chairman in the affairs of the Board, providing the Board with reports and information, supervising preparations for meetings and proposals of agendas and coordinating with the Board members and Senior Management on strategy.	The duration of the delegation is until the end of the Board membership period in April 2024.
Chief Executive Officer	<ol style="list-style-type: none"> <li>1. To implement the strategies, plans and policies laid down by the Board of Directors for achieving Company's objectives;</li> <li>2. To manage the day to day affairs and business of the Company;</li> <li>3. To identify, pursue and submit studies and proposals relating to business development and new investment opportunities;</li> <li>4. To submit to the Board of Directors periodic reports about the business of the Company, its financial position, internal control procedures and the measures taken to manage risks;</li> <li>5. To provide the Board of Directors, on a timely basis, with the information and documents required for efficient conduct of Board meetings;</li> <li>6. To provide regulatory bodies (Ministry of Economy, Securities and Commodities Authority, Abu Dhabi Securities Exchange) with information, disclosure statements and documents as required in accordance with applicable laws, rules, policies and Company regulations.</li> </ol>	The delegation is valid during the tenure of the Chief Executive Officer.
Chief Executive Officer and the Chief Financial Officer	To delegate responsibility for signing future quarterly covenant Compliance Certificates for Mashreq, as defined in the Facility Agreement, to the CEO and CFO of the Company	The delegation is valid from 9 June 2021 to the end of the Facility Agreement.

**G. Statement of the details of the transactions made with the related parties during 2021, provided that it shall include the following:**

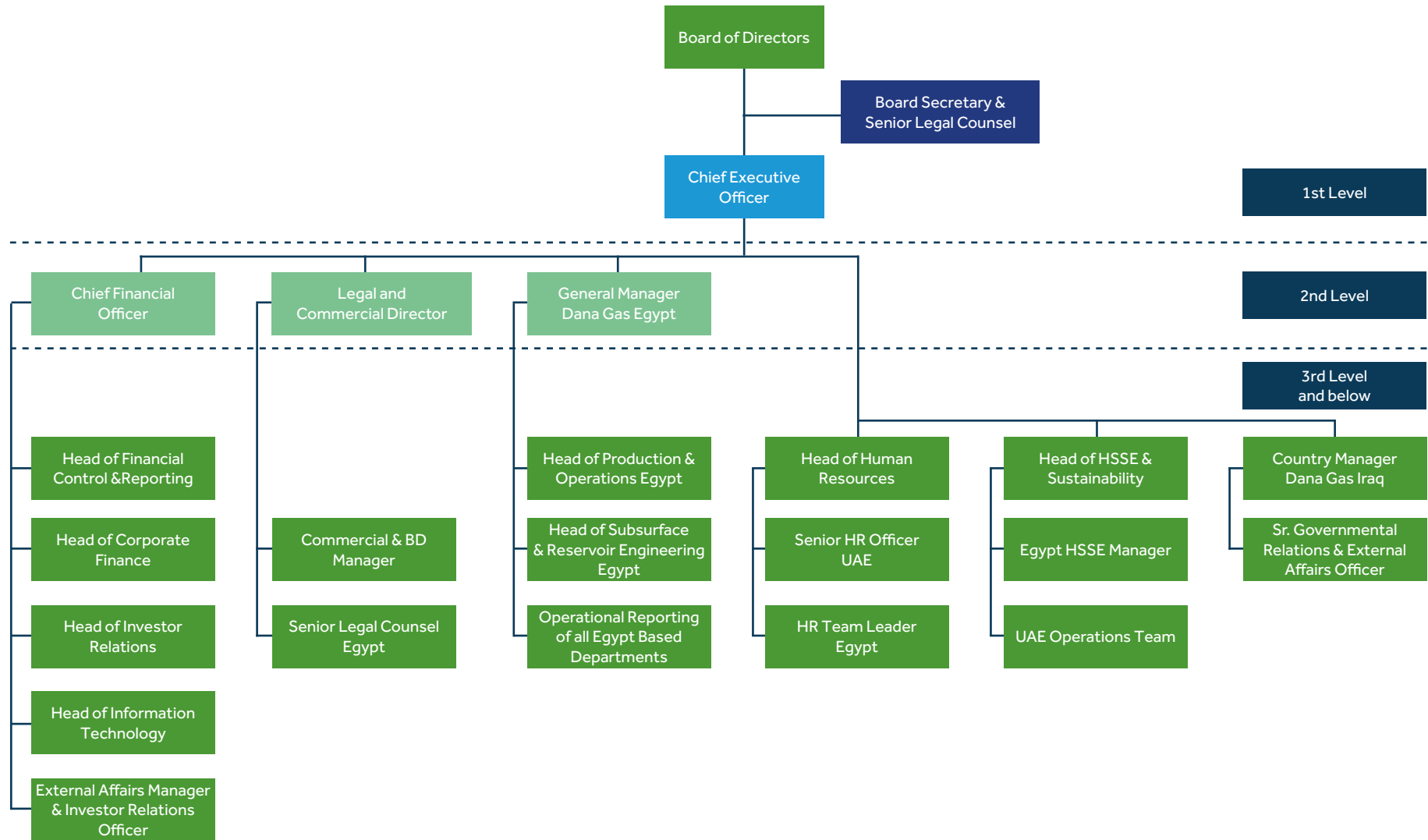
<b>Sn</b>	<b>Statement of related parties</b>	<b>Clarifying the nature of relationship</b>	<b>Type of transaction</b>	<b>Value of transaction</b>
1	Crescent National Gas Corporation Limited (CNGCL)	Minority shareholding	Pipeline capacity billing to Joint Venture	\$1 million
2	Pearl Petroleum Company Limited	Joint arrangement	Fees for Management services billed to Joint arrangement	\$3 million
3	Crescent Petroleum Company	Major shareholders	Management services charged by major shareholder	\$1.5 million

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

Revenue relates to pipeline capacity charges billed by one of the Group subsidiaries, United Gas Transmissions Company (UGTC) to a joint venture, Crescent National Gas Corporation Limited (CNGCL) in which Dana Gas holds 35% interest.

There were no transactions by the Company with related parties during 2021 which equal 5% or more of the Company's capital.

**H. The complete organizational structure of the Company:**



**I. A detailed statement of the senior executives in the first and second grade according to the company's organizational structure, their jobs and dates of their appointment, along with a statement of the total salaries and bonuses paid to them, according to the following schedule:**

The following Table shows the Senior Executives of the Company with their designations, appointment dates and total remuneration including bonus paid to them for 2021.

<b>Job Title</b>	<b>Date of Appointment</b>	<b>Total salaries, allowances &amp; benefits paid in 2021 (AED)</b>	<b>Total Bonuses paid in 2021 (for 2020 performance) (AED)</b>	<b>Any other cash / in kind bonuses for 2021</b>
Chief Executive Officer	1-Sep-13	3,114,731	658,551	-
Chief Financial Officer	5-Jan-16	2,158,472	385,920	-
Legal & Commercial Director	16-Aug-20	1,814,870	118,628	-
General Manager DG Egypt (till 31 Aug 2021)	13-May-18	1,123,776	702,017	617,516*
General Manager DG Egypt	4-Oct-21	411,289	-	-
Head of Human Resources	22-Nov-09	1,238,343	144,818	-
Head of HSSE & Sustainability	16-Mar-20	1,243,935	114,446	-
Country Manager Dana Gas Iraq	27-May-07	950,493	111,779	-

\*End of contracts payments.

## **4. External Auditors**

### **A. An overview of the Company's auditors to shareholders:**

The Company's External Auditors, Ernst & Young, is one of the "Big Four" firm globally that employs more than 312,000 professionals in over 150 countries. EY operates as one firm, with four global regions and 33 sub-areas within those regions.

### **B. Statement of fees and costs for the audit or services provided by the external auditors, according to the following schedule:**

The External Auditors' fees in respect of the annual Financial Statements for Dana Gas PJSC for 2021 amounts to AED 305,000 as approved by the General Assembly. The total fees for auditing the Group is AED 1.13 million. The External Auditors' fees are disclosed in the Company's Annual Financial Statements.

<b>Name of Auditing Firm</b>	<b>Ernst &amp; Young Mr. Anthony O' Sullivan</b>
Number of years served as external auditor for the Company	1 year
Total fees for auditing the financial statements of 2021 (AED)	AED 1.13 million
The fees and costs of the special services other than the auditing of the financial statements in 2021 (AED)	36,725
The details and nature of other services provided (if any)	Issuance of cost recharge certificates
A statement of the other services performed by an external auditor other than the Company's auditor in 2021 (if any)	PwC. Issuance of cost recharge certificates

### **C. Statement clarifying the reservations that the Company's auditors included in the interim and annual financial statements for 2021:**

None.

## **5. The Audit and Compliance Committee (A&CC)**

**A. Mr. Jassim Mohamedrafi Alseddiqi Alansaari, Chairman of the Audit & Compliance Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.**

### **B. Names of the Audit and Compliance Committee members clarifying their competences and tasks assigned to them:**

The Audit and Compliance Committee is composed of the following Members:

#### **Members of the Committee**

Mr. Varoujan A. Nerguizian, Chairman (until 6 May 2021) and (member until 9 June 2021)

Mr. Abdul Majid Abdul Hamid D. Jafar (until 9 June 2021)

Mr. Abdullah Ali I. Almajdouie (until 28 April 2021)

Mr. Nureddin S.M. Sehweil (until 28 April 2021)

Mr. Jassim Mohamedrafi Alseddiqi Alansaari, (Chairman from 6 May 2021)

Mr. Younis Haji Abdulla Hussain Alkhoori (since 9 June 2021)

Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri (since 9 June 2021)

Ms. Najla Ahmed Mohamed Hamad Almidfa (since 9 June 2021)

Mr. Ajit Vijay Joshi Vijay Anant (since 9 June 2021)

Most of the members of the Audit & Compliance Committee come from a financial, business or banking background and are familiar with financial, accounting, banking and business matters. A majority of the members of the Committee are Independent Directors.

The Audit and Compliance Committee assists the Board of Directors in carrying out the Board functions of supervision and control of the financial affairs of the Company and ensuring compliance with applicable financial and accounting policies, procedures and regulations.

In the discharge of the tasks entrusted to it, the Committee carries out the following functions:

1. Overseeing the preparation and particulars of the Company's financial statements and financial reporting;
2. Reviewing annual and quarterly financial statements;
3. Ensuring that the Company's financial statements and reports represent a true and authentic statement of the Company's financial position;
4. Reviewing risk management and internal control procedures;
5. Recommending appointment and fees of the Company's external auditors;
6. Recommending internal audit plans and necessary audit activities.

In addition to the above, the Committee performs the functions prescribed in the Chairman of the Authority's Decision No. 3 (R.M) of 2020 (as amended).

**C. Number of meetings held by the Audit & Compliance Committee during 2021 and their dates to discuss the matters related to financial statements and any other matters, and demonstrating the members' personal attendance times in the held meetings:**

Members of the A&C Committee	Dates of Meetings					
	9 February (Virtually)	9 March (Virtually)	6 May (Virtually)	10 August (Virtually)	28 October (Virtually)	11 November (Virtually)
Mr. Varoujan A. Nerguizian, Chairman	✓	✓	✓	*	*	*
Mr. Abdul Majid Abdul Hamid D. Jafar	✓	X	✓	*	*	*
Mr. Abdullah Ali I. Almajdouie	✓	✓	*	*	*	*
Mr. Nureddin S.M. Sehweil	✓	✓	*	*	*	*
Mr. Jassim Mohamedrafi Alseddiqi Alansaari, (Chairman from 6 May 2021)	✓	✓	✓	X	✓	✓
Mr. Younis Haji Abdulla Hussain Alkhoori (since 9 June 2021)	*	*	*	✓	✓	✓
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri (from 9 June 2021)	*	*	*	✓	✓	X
Ms. Najla Ahmed Mohamed Hamad Almidfa (since 9 June 2021)	*	*	*	✓	✓	✓
Mr. Ajit Vijay Joshi Vijay Anant (since 9 June 2021)	*	*	*	✓	✓	✓

✓ Attend in person    X Absent    \* Not a member    No attendance by proxy

## 6. Corporate Governance, Remuneration & Nominations Committee (CGR&NC)

**A. Mr. Varoujan A. Nerguizian, Chairman of the Corporate Governance, Remuneration & Nominations Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.**

**B. Names of the Corporate Governance, Remuneration & Nominations Committee members clarifying their competences and tasks assigned to them:**

### Members of the Committee

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Mr. Hani Abdulaziz Hussain Al Terkait, Chairman (until 9 June 2021)

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Mr. Said S. Youssef Arrata (until 28 April 2021)

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Mr. Ziad Abdulla I. Galadari

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Mr. Nureddin S.M. Sehweil (until 28 April 2021)

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Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri (until 9 June 2021)

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Mr. Varoujan A. Nerguizian, Chairman (since 9 June 2021)

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Mr. Abdul Majid Abdul Hamid D. Jafar (since 9 June 2021)

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Mr. Younis Haji Abdulla Hussain Alkhoori (since 9 June 2021)

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Ms. Najla Ahmed Mohamed Hamad Almidfa (since 9 June 2021)

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Two members of the Committee are Independent Directors. They possess considerable knowledge and expertise in corporate governance, nominations, and remuneration, salaries and benefits policies.

The Committee oversees compliance by the governing bodies of the Company the General Assembly, the Board of Directors and executive management with established corporate governance standards. The Committee assists the Board in relation to the appointment of senior executives, appraisal of management performance, succession planning and remuneration policies. The Committee is responsible for nominations and election to the Board of Directors membership.

To achieve its objectives the Committee carries out the following functions:

1. Proposing remuneration, salary, benefits and incentives policies;
2. Proposing human resources policies aimed at promoting improved performance and a healthier work environment;
3. Recommending appropriate corporate governance standards;
4. Follow up on the Board of Directors' procedures and performance;
5. Reviewing non-financial disclosure standards;
6. Reviewing Directors' remuneration and making appropriate recommendations to the Board;
7. Reviewing and approving employees' succession plans;
8. Maintaining good relationships with shareholders, investors and regulators;
9. Supervising nominations and election to the Board of Directors.

In addition, the Committee performs the other functions ascribed to it by the Authority Chairman's Decision No. 3 (R.M) of 2020 (as amended).

### C. Statement of number of meetings held by the Committee during 2021 and their dates, and statement of all Committee members' personal attendance of times:

Members of the CGR&N Committee	Dates of meetings				
	26 January (Virtually)	9 March (Virtually)	5 April (Virtually)	8 June (Virtually)	21 September
Mr. Hani Abdulaziz Hussain Al Terkait, Chairman (until 9 June 2021)	✓	✓	✓	✓	*
Mr. Said S. Youssef Arrata (until 28 April 2021)	✓	✓	✓	*	*
Mr. Ziad Abdulla I. Galadari	✓	✓	✓	✓	✓
Mr. Nureddin S.M. Sehweil (until 28 April 2021)	✓	✓	✓	*	*
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri (until 9 June 2021)	✓	✓	✓	✓	*
Mr. Varoujan A. Nerguizian, Chairman (since 9 June 2021)	*	*	*	*	✓
Mr. Abdul Majid Abdul Hamid D. Jafar (since 9 June 2021)	*	*	*	*	✓
Mr. Younis Haji Abdulla Hussain Alkhoori (since 9 June 2021)	*	*	*	*	X
Ms. Najla Ahmed Mohamed Hamad Almidfa (since 9 June 2021)	*	*	*	*	✓

✓ Attend in person   X Absent   \* Not a member   No attendance by proxy

## 7. The Supervision and Follow-up Committee of insiders' transactions

**A. Mr. Neville Henwood, Legal and Commercial Director is responsible for maintenance of the register of insiders and for following up of reporting transactions by insider and acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.**

### **B. Names of members of the Supervision and Follow-up Committee of insiders' transactions and clarifying their competences and tasks assigned to them:**

The committee comprises of Mr. Neville Henwood, Compliance Officer and Legal and Commercial Director, Mr. Mohammed Mubaideen, Head of Investor Relations and Mrs. Fatima Al Obaidly, External Affairs Manager & Investor Relations Officer.

### **C. A summary of the committee's work report during 2021:**

Pursuant to Article 33 of the Decision No. 3 (R.M) of 2020 (as amended) the Board of Directors should appoint any of the Company's departments or internal committee or a special committee to be responsible for the management, follow up and supervision of insiders' trading. During 2021, the Company maintains the register of insiders and submits periodic statements and reports to the Market.

## 8. Other Committees approved by the Board of Directors:

There are two other committees approved by the Board of Directors, namely Board Steering Committee and the Reserves Sub-Committee.

### Board Steering Committee:

**A. Mr. Rashed Saif Al Jarwan Al Shamsi, Chairman of the Board Steering Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.**

### B. Name of the committee:

Board Steering Committee.

### C. Names of each committee members, clarifying its competences and tasks assigned thereto:

The Board Steering Committee is chaired by Mr. Rashed Saif Al Jarwan, Vice Chairman and is composed of the following members:

#### Members of the Committee

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Mr. Rashed Saif Al Jarwan Al Shamsi, Chairman

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Mr. Abdul Majid Abdul Hamid D. Jafar

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Mr. Varoujan A. Nerguizian

---

Mr. Said S. Youssef Arrata (until 28 April 2021)

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Mr. Hani Abdulaziz Hussain Al Terkait

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Mr. Jassim Mohamedrafi Alseddiqi Alansaari (since 9 June 2021)

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The role of the Board Steering Committee is to assist the Board in the supervision and control of the activities of the Executive Management of the company, and to take decisions between the meetings of the Board in relation to certain matters including urgent matters involving capital and operating expenditures, and new business opportunities.

### D. Statement of number of meetings held by the Committee during 2021 and their dates, and all Committee members' personal attendance times:

The Table below shows the number and dates of meetings held by the Board Steering Committee during 2021 and members' attendance:

Members of the Board Steering Committee	05 January (Virtually)	26 January (Virtually)	20 June (Virtually)	30 August (Virtually)	19 September (Virtually)	17 November	23 December (Virtually)
Mr. Rashed Saif Al Jarwan Al Shamsi, Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Abdul Majid Abdul Hamid D. Jafar	✓	✓	✓	✓	✓	✓	X
Mr. Varoujan A. Nerguizian	✓	✓	✓	✓	✓	✓	✓
Mr. Said S. Youssef Arrata	✓	✓	*	*	*	*	*
Mr. Hani Abdulaziz Hussain Al Terkait	✓	✓	✓	✓	✓	✓	✓
Mr. Jassim Mohamedrafi Alseddiqi Alansaari (since 9 June 2021)	*	*	✓	✓	X	X	X

✓ Attend in person   X Absent   \* Not a member   No attendance by proxy

#### Reserves Sub-Committee:

**A. Mr. Hani Abdulaziz Hussain Al Terkait, Chairman of the Reserves Sub-Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.**

#### B. Name of the committee:

The Reserves Sub-Committee.

#### C. Names of each committee members, clarifying its competences and tasks assigned thereto:

The Reserves Sub-Committee is composed of the following members:

### Members of the Committee

Mr. Said S. Youssef Arrata, Chairman (until 28 April 2021)

Mr. Ziad Abdulla Ibrahim Galadari

Mr. Varoujan A. Nerguizian (until 28 April 2021)

Mr. Nureddin S.M. Sehweil (until 28 April 2021)

Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri

Mr. Hani Abdulaziz Hussain Al Terkait, Chairman (since 9 June 2021)

Mr. Rashed Saif Al Jarwan Al Shamsi (since 9 June 2021)

Mr. Ajit Vijay Joshi Vijay Anant (since 9 June 2021)

This is a sub-committee of the Board Steering Committee and is chaired by Mr. Hani Abdulaziz Hussain Al Terkait. The role of the Reserves Sub-Committee is to review and approve the Company's annual reserve reports after reviewing them with the Executive Management and the External Reserves Auditors. The Committee presents its recommendations to the Board Steering Committee.

The Committee exercises the following functions:

1. Ensure that the Company is properly assessing and reporting the reserves that result from exploration and development operations.
2. Ensure that the reserve estimate updates are timely, professionally accurate and compliant with international standards.
3. Contract with an independent engineering and reserve auditing firm (currently Gaffney, Cline and Associates) to do annual updates.
4. Meet annually to review the changes to oil and gas reserves with the Company's technical management and the independent engineers.

### D. Statement of number of meetings held by the Committee during 2021 and their dates, and all Committee members' personal attendance times:

The Table below shows the number and dates of meetings held by the Reserves Sub-Committee during 2021:

Members of the Reserves Sub-Committee	9 March 2021
Mr. Said S. Youssef Arrata, Chairman	✓
Mr. Ziad Abdulla I. Galadari	✓
Mr. Varoujan A. Nerguizian	X
Mr. Nureddin S.M. Sehweil	✓
Mr. Shaheen Mohamed Abdulaziz Rubayea Almheiri	X
Mr. Hani Abdulaziz Hussain Al Terkait, Chairman (since 9 June 2021)	*
Mr. Rashed Saif Al Jarwan Al Shamsi (since 9 June 2021)	*
Mr. Ajit Vijay Joshi Vijay Anant (since 9 June 2021)	*

✓ Attend in person   X Absent   \* Not a member   No attendance by proxy

## 9. Internal Control System:

### **A. The Board of Directors acknowledges its responsibility for the Company's internal control system, review of its work mechanism and ensuring its effectiveness. In 2011, the Board of Directors established an Internal Control Department and defined its functions which include:**

1. Assessment of the risks facing the Company;
2. Preparing the risks register and updating it quarterly and annually;
3. Preparing the audit plan linked to the risks register in accordance with the directions of the Board of Directors and the Audit and Compliance Committee;
4. Ensuring availability of resources to carry out audit work and internal audit plan;
5. Implementing the audit plan and submitting periodical reports to the Board of Directors and to the Audit Committee with observations on the actions taken by executive management with respect to them.

The Internal Control Department enjoys independence in performing its functions. It reports to the Board of Directors, which is responsible for the efficiency of the internal control system. The Corporate Internal Control Manager is authorized to take the necessary action to implement the directives of the Board of Directors, and to report violations of the Company's regulations, policies and Board's directives to the Board of Directors and the Audit Committee identified during the audit process. The department is mandated by the Board to investigate and form an independent opinion on any matter which obstructs, delays or challenges internal control work.

The Internal Control Department audits the internal control systems of the Company, its subsidiaries and the affiliates in which the Company holds a significant stake. The Department has full authority to obtain information on those companies from employees and departments at the Group level.

The Head of Internal Controls prepares an annual audit plan, which is submitted to the Board for approval. The plan takes into consideration a comprehensive assessment of the risks facing the Company. The Board approved in its meeting held on 18 November 2020 the department's audit report for 2020 and 2021 audit plan. In March 2021, the Board of Directors resolved to appoint Grant Thornton as Dana Gas' internal auditors for the period 2021 to 2023 inclusive.

The audit reports are shared with the Company's external auditors when auditing the Company's Annual Financial Statements.

### **B. The department head, his qualifications and date of appointment:**

Mr. Neville Henwood was appointed as Head of Internal Audit in September 2020 in addition to his primary role as Legal & Commercial Directors. Mr. Henwood is an Australian qualified lawyer, is admitted as a Barrister and Solicitor of the High Court of Australia, and the Supreme Court of the Northern Territory.

**C. Compliance Officer, his qualifications and date of appointment:**

Mr. Neville Henwood was appointed as the Compliance Officer for the Company by Board Resolution No. 39/2020 dated 23 September 2020, to carry on the duties and functions prescribed stated in Article (69) of the Chairman of the Securities and Commodities Authority's Resolution No. 3 (R.M) of 2020 concerning adopting the Governance Guide for Public Joint Stock Companies (as amended). He is responsible for verifying the scope of compliance by the Company and its employees with the applicable laws, regulations and resolutions.

Mr. Henwood is an Australian qualified lawyer, is admitted as a Barrister and Solicitor of the High Court of Australia, and the Supreme Court of the Northern Territory.

**D. Whistle Blowing Mechanism - the Internal Control Department dealing with any major problems at the Company or those that were disclosed in the annual reports and accounts:**

The Company has established a whistleblowing mechanism whereby employees can anonymously make complaints pertaining to mal-administration, fraud or corruption. The Compliance Officer leads the Business Ethics Committee which is responsible for addressing complaints made through this procedure. Any financial related complaints will be addressed by the Compliance Officer and promptly communicated to the Audit & Compliance Committee.

Since the Head of Internal Audit reports directly to the Board of Directors, any major problems with respect to internal control or incidence of fraudulent activities would also be promptly communicated to the Board. The Manager also advises the CEO for corrective actions. During 2021, no major issues were identified that warranted disclosure in the Annual financial statements for the year.

**E. Number of reports issued by the Internal Control Department to the Company's Board of Directors:**

During 2021, the Internal Control Department did not issue any report to the Company's Board of Directors. However, an update of the progress of the internal audit was given to the Audit and Compliance Committee.

**10. Details of the violations committed during 2021:**

No violation was imposed on the Company during 2021.

## 11. The cash and in-kind contributions made by the Company during 2021 in developing the local community and preserving the environment.

Dana Gas' corporate social responsibility activities cover the countries where it operates. The Company's objective has been to play a prominent role in supporting local communities situated within its vicinity. Dana Gas has implemented a number of projects and programs covering education, health and social activities in accordance with its annual corporate social responsibility plan approved by the Board of Directors.

The table below shows some of the Company's social responsibility activities during the year 2021:

### Dana Gas UAE

Theme	Project	Partners	Description	Total
<b>Social</b>	<b>Give education to Orphans</b>	Sharjah Social Empowerment Foundation	Give education to Orphans. A large-scale academic empowerment project, which aims to provide orphans with access to education.	<b>\$ 5 K</b>

### Dana Gas Egypt

Theme	Project	Partners	Description	Total
<b>Health</b>	<b>Covering Critical Operations</b>	Dar El Orman Association (with Social Solidarity & Health Directorates)	Provide health checks, critical medical operations and equipment for communities in Elrkabya, Kafr Elbatykh and Damietta. Includes heart and eye operations, and provision of wheelchairs, artificial limbs and hearing aids. Progress in 2020 was impacted by COVID-19, so this carried over to 2021.	<b>\$ 40 K</b>
	<b>Ramadan Food Baskets</b>		3,000 Ramadan boxes distributed to communities around our operations in Damietta and Dakahlia governorates.	<b>\$ 25 K</b>
	<b>Improving Technical &amp; Personal Capacity of Nursing in Public Hospitals</b>	Misr El Khier Association (with Ministry of Health, Egyptian Nursing Syndicate, Mansoura University Faculty of Nursing)	Training for 50 nursing staff in public hospitals in El Gamaleya, El Dakahlia government (SAEN)-1) and Om-elrezk , Kafr saad, Damietta government (NEB-1).	<b>\$ 30 K</b>
<b>Education</b>	<b>Achieve Your Dream program</b>	INJAZ Egypt (with Ministry of Education)	Equip 240 university students from Damietta and Dakahlia Governorates with knowledge, skills and attitudes to create and refine entrepreneurial ideas and enable an in depth understanding of how to run a business or social start-up.	<b>\$ 23 K</b>
	<b>Social Entrepreneurship Mobilization</b>	American University of Cairo	Protocol signed to empower 45 youth in Dakahlia by providing them with vocational training, capacity building opportunities and spaces for incubation and scaling up creative enterprises. Aims to address the issues of unemployment, under-employment and poor-quality employment prospects for young people in Egypt. Project carries over to 2022.	<b>\$ 22 K</b>

### CRE DAN – KRI

Theme	Project	Partners	Description	Total
Energy	<b>Electricity Supply to Local Communities</b>	Dept of Electricity, Qadir Karam	Provision of electrical power to Qadir Karam and five (5) villages supplied by the KM Plant. Estimated commercial value of free electric power supply is around US\$ 96,000 per month (based on a commercial cost of 0.2\$/kwhr).	<b>\$ 1.15 MM</b>
	<b>Fuel to Local Communities for Generating Electricity</b>	Dept of Electricity & Qadir Karam Mayoralty, Qadir Karam Sub-District	Provision of monthly 9,200 ltrs of fuel to Qadir Karam and 30 villages in surrounding areas.	<b>\$ 110 K</b>
	<b>Authority Fuel Distribution</b>	Qadir Karam Mayoralty	Renew and extend the fuel supply for Qadir Karam Sub-District Mayoralty offices (District Manager, Security of Qadir, and Police Station of Qadir Karam) for 2021.	<b>\$ 11 K</b>
Education	<b>KM Teachers and Students Transportation</b>	Directorate of Education, Chamchamal District	School transportation for 181 students in 21 different villages in addition to sponsoring the monthly salaries of 18 teachers in area to teach speciality subjects not available at Qadir Karam Schools.	<b>\$ 115 K</b>
	<b>Printers Supply</b>	Qadir Karam (Rokhana) Primary School	Provide Printers to local primary school.	<b>\$ 1 K</b>
	<b>Capacity Building Training Course</b>	Qadir Karam High School	Support to delivering capacity building training course for the students within Qadir Karam and Takya Jabari.	<b>\$ 3 K</b>
Health	<b>COVID-19 Medical Support Equipment</b>	Chamchamal Directorate of Health and Mayor of Chamchamal	Provide remaining medical equipment to support currently employed PCR Machine at Chamchamal Hospital, procured in 2020 by CRE DAN.	<b>\$ 17 K</b>
	<b>Ambulance Drivers</b>	Health Centre, Qadir Karam Sub-District	Sponsor monthly salaries of two (2) ambulance drivers for Qadir Karam Health Centre.	<b>\$ 7 K</b>
Water	<b>Submersible Pump &amp; Power Board Repair</b>	Cham Surkhaw Village	Equipment repairs to enable water supply to village.	<b>\$ 1 K</b>
	<b>Water Truck Rental</b>	Qadir Karam Water Dept	Rent of water truck for four months to distribute water within Qadir Karam town, and surrounding villages based on direction and supervision of Qadir Karam Water Department.	<b>\$ 9 K</b>
	<b>Water Usage Awareness - Chamchamal</b>	Againwe Organization for Education Dept	Water usage awareness campaign in Chamchamal and Shorsh towns. Includes distributing leaflets to local communities, providing awareness presentations and shows on local media channels.	<b>\$ 1 K</b>
	<b>Water Pipeline Asuda Quarter</b>	Chamchamal Water Directorate (CWD)	Installation of the Asuda Quarter community drinking water project.	<b>\$ 8 K</b>

Theme	Project	Partners	Description	Total
Infrastructure	Qashqa Village Road Repair	Mayor of Chamchamal and Sub-District Office	Repairs to Qashqa village road within KM block.	\$ 1 K
	Qadir Karam-Khormor Plant Road Repair	Mayor of Chamchamal and Sub-District Office	Repairs to road.	\$ 454 K
Other	Police & Govt Vehicle Repairs	Qadir Karam Town District Office and Police Station	Repairs to vehicles due to more intensive travel necessary during COVID-19 pandemic by the Qadir Karam Police office and other governmental offices.	\$ 3 K
	Asayesh Generator Repair	Qadir Karam	Repairs to Asayesh Generator.	\$ 5 K
	AC Unit to Civil Defence	Qadir Karam Civil Defence Department	Provision of AC Unit to Civil Defence.	\$ 1 K
	Qara Chewar Generator Repair	Qara Chewar Village, Mayor of Chamchamal and Sub-District Office	Repair to generator in Qara Chewar Village.	\$ 3 K

## 12. General Information:

### A. The Company's share price in the market at the end of each month during the fiscal year 2021:

Date	Close	High	Low
31 January	0.675	0.685	0.673
28 February	0.694	0.699	0.685
31 March	0.795	0.811	0.795
29 April	0.827	0.832	0.814
31 May	0.785	0.801	0.776
30 June	0.835	0.846	0.835
29 July	0.882	0.882	0.859
31 August	1.090	1.100	1.060
30 September	1.060	1.070	1.050
31 October	1.020	1.040	1.020
30 November	1.060	1.060	1.030
30 December	1.060	1.060	1.040

**B. The Company's comparative performance with the general market index and sector index to which the Company belongs during 2021:**

Date	DG Price	ADX Index	Energy Index
03 January	0.705	5,079.100	1,805.380
01 February	0.695	5,634.760	1,828.700
01 March	0.704	5,663.030	1,938.700
01 April	0.808	5,941.520	2,064.530
02 May	0.830	6,076.840	2,096.100
01 June	0.806	6,613.370	2,029.430
01 July	0.835	6,899.270	2,036.990
01 August	0.878	7,393.110	2,054.000
01 September	1.100	7,649.310	2,245.700
03 October	1.050	7,718.790	2,113.520
01 November	1.030	7,924.650	2,135.460
05 December	1.050	8,772.450	2,173.970

**C. Shareholders' ownership distribution as on 31/12/2021 classified as follows:**

Type	UAE	GCC	Arab	Others
Individuals	1,761,686,378	749,541,241	203,327,192	114,087,278
Companies	1,902,582,500	376,231,345	1,578,653	1,885,229,911
Governments	1,108,875	0	0	0
<b>Total</b>	<b>3,665,377,753</b>	<b>1,125,772,586</b>	<b>204,905,845</b>	<b>1,999,317,189</b>
		<b>6,995,373,373</b>		

**D. Shareholders owning 5% or more of the Company's capital as of 31/12/2021 according to the following schedule:**

Investor Name	Citizenship	Quantity	%
<b>Crescent Petroleum Company International</b>	United Kingdom - GBR	1,399,087,797	20%

### E. Details of shares ownership as of 31/12/2021, in accordance to the following schedule:

Shares Ownership	No. of Shareholders	No. of Shares	% of Shares Compared to Capital
Less than 50,000	233,736	552,423,245	7.90
From 50,000 to less than 500,000	2,081	294,741,764	4.21
From 500,000 to less than 5,000,000	506	737,466,426	10.54
Higher than 5,000,000	155	5,410,741,938	77.35
<b>Total</b>	<b>236,478</b>	<b>6,995,373,373</b>	<b>100.00</b>

### F. Measures taken regarding the controls of investor relationships and an indication of the following:

#### 1. Name of the Head of Investor Relations

Mr. Mohammed Mubaideen is the Head of Investor Relations and the Corporate Communications. He has more than 15 years of experience in investor relations.

#### 2. Communications with the Investor Relations

The Shareholders are encouraged to contact the Company's Investor Relations Department by phone on +97165194401 or by email to [ir@danagas.com](mailto:ir@danagas.com).

Dana Gas maintains regular contacts with its Shareholders, investors and financial analysts to inform them on the Company's business activities and financial position through regular meetings with financials, analysts, media in press conferences and investors' calls and regular press releases on important developments and activities.

#### 3. Link of investor relations page on the Company's website

All the information related to the investors can be viewed at the investor relations page <https://www.danagas.com/investors/>

The Shareholders are invited to get familiar to the Company's activities and its financial affairs at the Company's page [www.danagas.com](http://www.danagas.com) that are published regularly in compliance with the disclosure regulations so that shareholders are aware of the important developments of the Company's business.

### **G. The special resolutions presented in the Annual General Assembly held during 2021 and the procedures taken in their regards:**

A special resolution have been presented and approved by the Annual General Assembly held on April 28, 2021, as follows:

The Annual General Assembly approved the amended and restated Company`s Articles of Association in compliance with the Federal Decree By Law No. 26 Of 2020 Amending Certain Provisions of Federal Law No. (2) of 2015 on Commercial Companies and the Corporate Governance Guide.

### **H. Rapporteur of the Board meetings:**

#### **1. Name of Rapporteur**

The Board of Directors appointed Mr. Omran Al Zamani as Board Rapporteur to the Board meetings since 2019 to date.

#### **2. His appointment date**

1<sup>st</sup> December 2019.

#### **3. His qualifications and experiences**

Mr. Omran Al Zamani, Senior Legal Counsel and Board Secretary holding this position since December 2019. He is an Emirati qualified lawyer who joined Dana Gas as Senior Legal Counsel on 27<sup>th</sup> May, 2018.

He holds a Master's degree in International Law, Diplomacy and International Relations with Focus in International Business Law from Paris Sorbonne University Abu Dhabi and a Bachelor's degree in Law from University of Sharjah. He has more than 13 years of experience in corporate commercial practices in the region. Prior to joining Dana Gas, he was with ABB Group of Companies as Legal Counsel & Data Privacy Officer for UAE & Oversight Countries (Oman, Qatar, Bahrain, Iraq, Jordan, Lebanon, Syria, Iran, and Afghanistan).

Mr. Omran Al Zamani is a certified Board Secretary by The Institute of Corporate Governance (Hawkamah) and Dubai Financial Market (DFM).

#### **4. Statement of his duties during the year**

- Prepare, review and negotiate a variety of commercial contracts.
- Defend Dana Gas' interests in claims and disputes.
- Provide legal support to the Company's business operations.
- To ensure compliance with Dana Gas' policies and applicable laws.
- To supervise and lead corporate governance in Dana Gas.
- To prepare and take the minutes of Board of Directors and Board Steering Committees Meetings.

### **I. Major events and important disclosures that the Company encountered during 2021:**

1. In April, Dana Gas announced termination of agreement for sale of its Egyptian assets.
2. In April, Dana Gas announced that Dana and Crescent Petroleum Resumed Khor Mor Expansion Project.
3. In April, Dana Gas announced that shareholders approved 5.5 fils cash dividend at AGM.
4. In May, Dana Gas reported a 41% increase in Net Profit in Q1 2021 to \$24 million (AED 88 mm).
5. In July, Dana Gas announced that collections from KRI and Egypt more than doubled in H1 2021.
6. In July, Dana Gas announced that it won the arbitration as a result of its decision not to sell its Egypt assets.
7. In August, Dana Gas reported \$139 million (AED 511mm) net profit in H1 2021.
8. In September, Dana Gas announced that \$250 million (AED 917 million) financing agreement was signed with U.S. International Development Finance Corporation for major expansion project in Kurdistan Region of Iraq.
9. In September, Dana Gas announced that Final award has been made against NIOC by the international arbitration tribunal in that first arbitration, and that the damages sum due to Dana Gas is US\$607.5 million (AED 2.23 Billion).
10. In October, Dana Gas announced that KRI and Egypt collections almost doubled in 9M 2021.
11. In November, Dana Gas Board proposed to increase annual dividends by 27% payable twice yearly, starting with the first Six Monthly dividend of 3.5 fils per share in Q4 2021.
12. In November, Dana Gas reported record net profit of \$279 million (AED 1bn) in 9M-2021.
13. In January 2022, Dana Gas announced that its 2021 collections increased 107% to \$377 million (AED 1.38 bn).

### **J. Statement of the details of the transactions made by the Company during 2021, which is equal to 5 % or more of the Share Capital of the Company:**

There was no transaction made by the Company during 2021, which is equal to 5 % or more of the share capital of the Company.




### **K. Emiratization percentage in the Company at the end of 2019, 2020 and 2021:**

The nationalization percentage in the Company reached 6.5 % by end of 2019, 9 % by end of 2020 and 9 % by end of 2021.

### L. Innovative projects and initiatives carried out by the Company or being developed during 2021:

2021 was characterized by the Company's ongoing response to COVID-19, which required the evolution of a suite of measures to manage the operational impacts of the pandemic. This has included procedures to assess health & safety risks associated with COVID-19, implementation of a comprehensive range of mitigations to maintain staff and public health, including remote working where not business critical, and driving a programme of vaccinations for all staff and contractors. These measures fully comply with and in some cases go beyond the recommended measures of the national authorities in those countries where we operate. Several IOCs have consulted with our Pearl Petroleum venture in the KRI in recognition of its 'best-in-class' COVID management approach and response to a particularly challenging and dynamic situation. This includes robust testing and quarantine programmes, adjusting shift rotation patterns to enable continued safe production operations and maintaining supply to customers, and careful execution of projects and rig activities.

As part of Greenhouse Gas Management improvement efforts at our Pearl Petroleum (PPCL) venture in KRI (which included various measures to improve measurement, leak detection, flare reduction and further minimize emissions through the year), we voluntarily purchased 264,000 tonnes of accredited carbon credits, equivalent to PPCL's total annual GHG emissions, making the venture one of the first 'carbon neutral' O&G production businesses in the Middle-East.

		Signature	Date
Chairman of the Board	Mr. Abdul Hamid Dhia Jafar		23-03-2022
Chairman of the Audit & Compliance Committee	Mr. Jassim Mohamedrafi Alseddiqi Alansaari		23-03-2022
Chairman of the Corporate Governance, Remuneration & Nominations Committee	Mr. Varoujan A. Nerguizian		23-03-2022
Head of Internal Audit	Mr. Neville Henwood		23-03-2022



Contributing to  
In-Country Value

Safeguarding Our  
Workforce and Assets

Performing Responsibly

Sustainability at Dana Gas

## Section 2

# Dana Gas Sustainability Report 2021

# Sustainability at Dana Gas

At Dana Gas, we annually disclose our environmental, social and governance (ESG) progress through our sustainability framework, which groups the material ESG areas that can impact our business and stakeholders under three distinct pillars:

- Performing Responsibly
- Safeguarding Our Workforce and Assets
- Contributing to In-Country Value

A summary of our ESG progress is provided in the subsequent sections of this report. For a more comprehensive analysis and discussion on our ESG progress, please refer to our 2021 Sustainability Report on the Dana Gas website ([www.danagas.com](http://www.danagas.com)).



# Chapter 1

# Performing Responsibly

## Material Topics

- Climate change, energy, and GHG
- Compliance with regulations
- Sustainability Governance
- Water, waste, and spills management

## SDG





Sustainability at Dana Gas

**Performing Responsibly**

Safeguarding Our  
Workforce and Assets

Contributing to  
In-Country Value

**Dana Gas continues to ensure it operates in a responsible manner through a range of robust governance mechanisms, which are regularly reviewed and updated. These mechanisms guide the creation and protection of sustainable long-term value, which includes appropriately addressing climate change, complying with all relevant regulations, and effectively managing our environmental and social impacts. A key policy for Dana Gas is the Health, Safety, Security, Environment and Social Performance (HSSE & SP) policy, which strives to reduce our negative environmental impacts (including those related to waste, emissions, discharges and energy efficiency) and to respect our neighbours and contribute to the sustainable development of societies in which we operate.**

## Board & Executive Management

The roles of our Board Chairman and CEO are separated, and the majority of the Board of Directors have been independent for the past three years.

Board Members (#)	2019	2020	2021
Total number of Board members	11	11	11
Total number of independent members	8	8	6
Total number of non-independent members	3	3	5
Total number of executive members	0	0	0
Total number of non-executive members	11	11	11
Total Board seats occupied by men	11	11	10
Total Board seats occupied by women	0	0	1

The Executive Committee at Dana Gas regularly monitors and reports to the Board of Directors on a range of ESG areas through specific corporate governance processes, including HSSE, ESG and corporate risk.

In 2021, we made improvements to emissions measurement and monitoring, resulting in restatements of previously reported GHG emissions data. Compared to 2020, our carbon emissions intensity increased by 2.4 percent to 8.31 kilograms (kg) of carbon dioxide equivalent (CO<sub>2</sub>e) per barrel of oil equivalent (BOE) produced. This still benchmarks as top quartile performance with international oil and gas industry peers and other operators in the region.

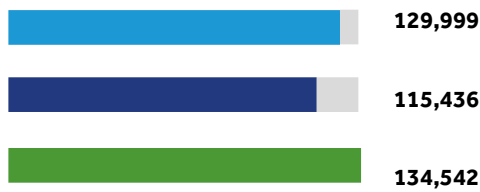
In addition to emissions reduction and increasing energy efficiency, Dana Gas aims to further integrate climate change-related risks and opportunities into our business planning and investment decisions. Further details are described in our 2021 Sustainability Report.

# Key Performance Indicators

## Water Use\*

● 2019 ● 2020 ● 2021

Total water consumption (m<sup>3</sup>)



## Energy & Emissions\*\*

● 2019 ● 2020 ● 2021

Direct energy consumption (GJ)



Breakdown of Direct energy consumption	2019	2020	2021
Diesel & Petrol (L)	3,416,427	336,086	1,484,362
Flared Gas (MMscf)	2,280	2,556	2,628
Fuel Gas (MMscf)	409	378	304

Indirect energy consumption (electricity) (GJ)



Total energy consumption	2019	2020	2021
Total energy consumption (GJ)	3,104,577	3,255,720	3,296,330
Energy consumption (GJ) per BOE	0.13	0.14	0.15

Total GHG emissions (tons of CO<sub>2</sub>eq)



	2019	2020	2021
Direct: Scope 1 GHG emissions (tons of CO <sub>2</sub> eq)	174,554	180,889	183,965
Indirect: Scope 2 GHG emissions (tons of CO <sub>2</sub> eq)	4,469	4,520	4,506
kg CO <sub>2</sub> e (Scope 1 & 2) per BOE	7.5	8.12	8.31

Scope:

\*Dana Gas & Joint Ventures

\*\*Dana Gas Equity Share

## Chapter 2

# Safeguarding Our Workforce and Assets

### Material Topics

- Asset integrity
- Human rights
- Workforce health and safety
- Diversity and equal opportunities
- Workforce management practices
- Ethics and prevention of corruption
- Learning and development
- Nationalisation

### SDG





Sustainability at Dana Gas

Performing Responsibly

Safeguarding Our  
Workforce and Assets

Contributing to  
In-Country Value

**Dana Gas is committed to maintaining a healthy, supportive and productive work environment, free from discrimination, harassment or bullying. The protection of human rights is an essential component of our Code of Conduct and we are exploring the development of a standalone human rights policy. Any incidents related to corruption, ethical violations or bribery can be reported through our whistleblowing mechanism and are subsequently reviewed by our Business Ethics Committee.**

Our HSSE & SP policy aims to drive continuous performance in multiple ESG areas, including zero incidents, preventing injuries and occupational ill health. The Dana Gas HSSE management framework incorporates an operating risk management system; health, safety and environment standards; supporting procedures and local HSSE management systems.

All employees at Dana Gas are hired in accordance with local labour laws, which incorporate minimum age and remuneration requirements. Our median male to female employee compensation levels are considered gender neutral.

As we continue to optimize our workforce and create efficiencies, the total number of Dana Gas employees and contractors reduced by 23 percent and 37 percent, respectively, compared to 2020. We saw a 47 percent increase in exposure hours reported across our joint ventures, largely the result of KM250 project construction activity and routine maintenance shut downs in Egypt and the KRI. Two injuries were recorded during 2021 across our portfolio, resulting in a total recordable injury frequency (TRIF) of 0.05. This represents an improving trend over recent years and better than average performance compared to regional and international peer benchmarks.

## Key Performance Indicators

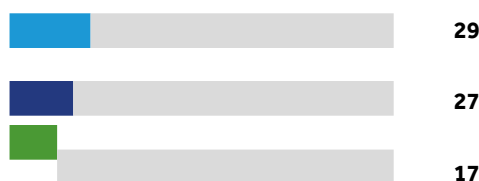
### Workforce†

● 2019 ● 2020 ● 2021

#### Total number of employees



#### Total number of contractors

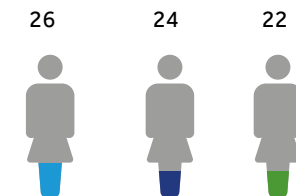


Scope:  
†Dana Gas only  
\*Dana Gas & Joint Ventures

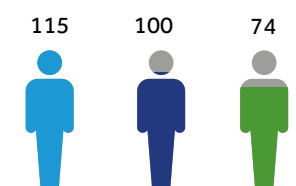
### Workforce by gender profile†

● 2019 ● 2020 ● 2021

#### Female full-time employees



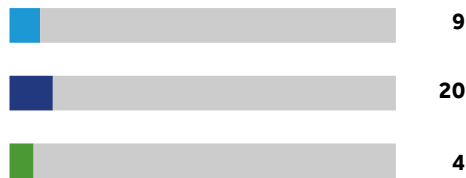
#### Male full-time employees



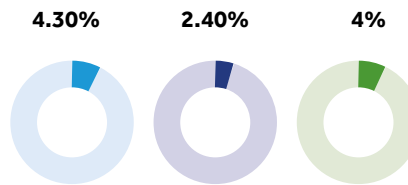
**Employee turnover <sup>†</sup>**

● 2019 ● 2020 ● 2021

Total number of employees who left the company



Attrition rate <sup>1</sup>



<sup>1</sup> Our attrition rate calculation is based on 'regretted' attrition (i.e., employees leaving the organisation voluntarily).



**Health and safety\***

● 2019 ● 2020 ● 2021

Total manhours (millions)



Health and safety*	2019	2019	2021
Employee fatalities	0	0	0
Contractor fatalities	0	0	0
Total recordable injuries	7	0	2
Total recordable injury frequency (TRIF)	0.2	0	0.05
Total lost-time injuries	2	0	2
Lost-time injury frequency (LTIF)	0.05	0	0.05

Scope:

<sup>†</sup>Dana Gas only

\*Dana Gas & Joint Ventures

# Chapter 3

# Contributing to In-Country Value

## Material Topics

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- Economic performance
- Payments to governments
- Local community development and engagement
- Procurement practices

## SDG

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Sustainability at Dana Gas

Performing Responsibly

Safeguarding Our  
Workforce and Assets

Contributing to  
In-Country Value

**Dana Gas is committed to positively impacting the communities in the countries in which we operate. This includes effectively engaging with all relevant stakeholders, providing jobs, supporting local suppliers and building local capabilities.**

During 2021, we focused our social investment on local communities across five themes, broadly categorized into health, education, energy, water and infrastructure. Over 92 percent of these community investments were directed towards the Kurdistan Region of Iraq (KRI), with the balance in Egypt and the United Arab Emirates (UAE).

Due to increased production in our KRI operations and higher oil prices, the direct economic value we generated in 2021 increased by 30 percent compared to 2020. An increase in the payments we made towards our providers of capital and the Government of Egypt, respectively, resulted in similar levels of economic value retained compared to 2020.

## Key Performance Indicators

### Nationalisation<sup>†</sup>

● 2019 ● 2020 ● 2021

Local nationals among total full-time workforce



Percentage of local nationals in management positions



<sup>†</sup>Scope: Dana Gas only

### Community Investment\*

● 2019 ● 2020 ● 2021

Amount of community investment (USD Millions)



\*Scope: Dana Gas & Joint Ventures

**Direct Economic Value Generated & Distributed (USD Millions)\*\***

● 2019 ● 2020 ● 2021

**Direct Economic Value generated**

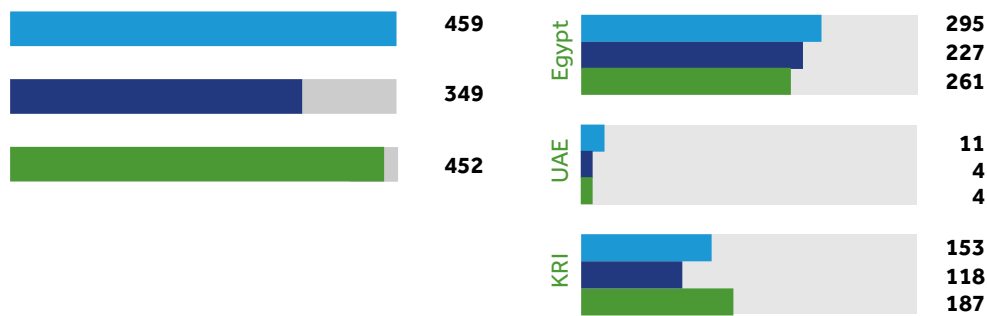


\*\* Scope: Dana Gas Equity Share

	2019	2020	2021
Operating expenses	37	33	35
Employee wages and benefits	42	38	45
Payments to providers of capital	121	120	183
Payments to government (total)	188	128	156
Economic value retained 'direct economic value generated' minus 'economic value distributed (Opex, wages, etc.)	70	30	33

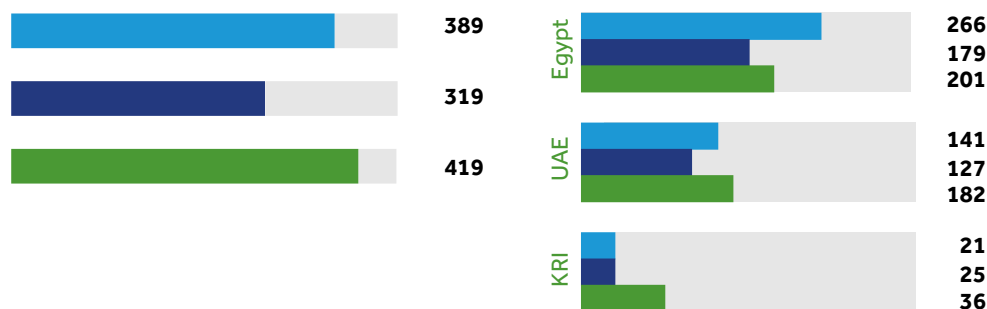
**Total Economic Value Generated per Country**

● 2019 ● 2020 ● 2021



**Total Economic Value Distributed per Country**

● 2019 ● 2020 ● 2021



## Section 3

# Dana Gas PJSC and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2021

## 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 2021.**

### 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 2021

During the year, the Group earned gross revenues of USD 452 million (AED 1.6 billion) as compared to USD 349 million (AED 1.27 billion) in 2020, an increase of 30% due to higher realised prices and 5% production growth in the KRI. This increase was partly offset by lower production in Egypt which declined by 7%. Realised price averaged USD 54/bbl for condensate and USD 35/boe for LPG compared to USD 28/bbl and USD 28/boe respectively in 2020 and positively impacted the revenues by USD 113 million.

The Group ended the year with an average production of 62,100 barrels of oil equivalent per day (boepd), a slight decrease of 2% compared to last year’s production of 63,200 boepd. Production was boosted by a 5% jump in production from the KRI, which reached 33,800 boepd as compared to 32,250 boepd in 2020. This was offset by a drop in production from Egypt which fell 7% to 28,300 boepd as compared to 30,300 in 2020, as a result of natural field depletion.

The Group achieved a record Net profit of USD 317 million (AED 1,163 million) in 2021 as compared to a Net Loss of USD 376 million (AED 1,378 million). The increase was primarily due to higher oil prices, improved operational performance and other income. Other income included USD 608 million (AED 2,228 million) relating to an amount due following an arbitration award and a reversal of impairment of USD 80 million (AED 293 million) offset by an impairment of USD 531 million (AED 1,945 million) relating to the UAE Gas Project assets, oil and gas interests and Goodwill.

## Dana Gas PJSC Report of the Directors (continued)

Excluding the other income and impairments, the Group's net profit for the year was USD 128 million (AED 469 million) as compared to 2020 adjusted net profit (excluding impairments) of USD 36 million (AED 131 million), an increase of 256%, reflecting robust underlying operating performance.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was higher at USD 269 million (AED 986 million) compared to USD 146 million (AED 535 million) in 2020 mainly due to increased revenue.

### Discontinued operations/Asset held for sale

The Company announced on 25 October 2020 that Dana Gas Egypt ("DGE") had entered into an agreement with IPR Wastani Petroleum Ltd, a member of the IPR Energy Group ("IPR") for the sale of its onshore Egyptian producing oil and gas assets for consideration of up to USD 236 million including contingent payments.

On 23 April 2021, DGE terminated its agreement for the sale of its Egyptian assets, previously announced on 25 October 2020.

IPR submitted a Request for Arbitration disputing DGE's right to terminate the SPA. By an award dated 17 July 2021, the Tribunal dismissed IPR's claim in its entirety, and ruled that Dana Gas' termination of the SPA was valid.

### Liquidity and Financial Resources

Cash and bank balance at year end stood at USD 185 million (AED 678 million), an increase of 71% compared to 2020 balance of USD 108 million (AED 396 million). Cash includes USD 67 million (AED 246 million) being 35% share of cash held at Pearl Petroleum. The year-end cash balance is after payment of 5.5 fils dividend in May 2021 of USD 105 million (AED 385 million) and a further 3.5 fils dividend of USD 67 million (AED 245 million) that was approved by the shareholders in December 2021.

The Group collected a total of USD 377 million (AED 1,382 million) during the year with Egypt and KRI contributing USD 193 million (AED 708 million) and USD 184 million (AED 674 million), respectively. The total collection rose 107% year-on-year in 2021, marking a record level of collection for the Company on the back of strong rebound in oil prices, an accelerated pace of payments from Egypt and the settlement of past outstanding KRI receivables from 2019 and 2020. During the year the Company paid a total dividend of USD 172 million (AED 630 million) including final dividend of 5.5 fils for 2020 and an interim dividend of 3.5 fils for the first half of 2021.

### 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 (continued)

### 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<sup>2</sup> 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 Resources<sup>3</sup> and Prospective Resources<sup>4</sup>.

#### (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 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.

<sup>2</sup> 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.

<sup>3</sup> Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

<sup>4</sup> Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

## Dana Gas PJSC Report of the Directors (continued)

### E&P Operations

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

Dana Gas's share (35%) of gross production in the KRI for was 12.3 MMboe, i.e. averaging 33,800 boe per day (2020 – DG Share 35%: 11.8 MMboe, averaging 32,250 boe per day), an increase of 5% when compared with the corresponding year.

Dana Gas' share of collections for the year stood at USD 184 million (AED 674 million) and hence realised 98% of the year's revenue. At year end, Dana Gas' 35% share of trade receivable balance stood at USD 43 million (AED 158 million) as compared to USD 39 million (AED 143 million) at year end 2020.

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 MMscf/d.

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, had 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.

## Dana Gas PJSC Report of the Directors (continued)

### (b) Egypt E&P operations

Dana Gas Egypt ended 2021 with production for the full year of operations of 10.3 MMboe i.e. averaging 28,300 boepd (2020: 11.08 MMboe, i.e. averaging 30,300 boepd), a decrease of 7% over the corresponding year. The field natural decline was partially compensated by the drilling of wells, execution of workovers and other well intervention activities and through production optimization operations at the field and plant level.

In Egypt, the Group collected a total USD 193 million (AED 708 million) during 2021 and hence realized 186% of the year's revenue. At year end, the trade receivable balance stood at USD 24 million (AED 88 million) as compared to USD 130 million (AED 477 million) at the end of 2020.

### Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain was a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) that built, owned and operated a Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). During the year, the Company sold its complete interest in Egyptian Bahraini Gas Derivative Company and realised USD 10 million.

### 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

## Dana Gas PJSC Report of the Directors (continued)

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 (continued)

### Directors

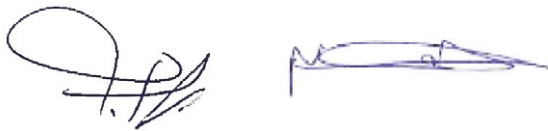
1. Mr. Hamid Dhia Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Abdullah Ali Al Majdouie (to 28 April 2021)
4. Mr. Ajit Vijay Joshi (from 28 April 2021)
5. Mr. Hani Abdulaziz Hussein
6. Mr. Jassim Mohamadraf Alseddiqi
7. Mr. Majid Hamid Jafar
8. Ms. Najla Ahmed Al-Midfa (from 28 April 2021)
9. Mr. Nureddin Sehweil (to 28 April 2021)
10. Mr. Said Arrata (to 28 April 2021)
11. Mr. Shaheen Al-Muhairi
12. Mr. Varoujan Nerguizian
13. H.E. Younis Al Khoori (from 28 April 2021)
14. 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 periodic report.



Directors  
14 March 2022

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Dana Gas PJSC (the "Company" or "Dana Gas") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

We draw attention to the matter described in note 14 (b) of the to the consolidated financial statements 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 opinion is not modified in respect of the above matter.

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)

### Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor, whose reports dated 10 March 2021 expressed an unmodified audit opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters are addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)

Key audit matter	How our audit addressed the key audit matter
<b>UAE gas project assets and legal arbitration</b>	
<p>As disclosed in notes 13 and 14 (b) to the consolidated financial statements, the UAE Gas Project to process and transport imported gas continues to be subject to international arbitration in relation to NIOC's supply failure in default of its 25 years gas supply contract with Crescent Petroleum.</p>	<p>We performed the below procedures to address this key audit matter:</p>
<p>Crescent Petroleum received an award for damages in the first arbitration against NIOC by the international arbitration tribunal on 27 September 2021.</p>	<ul style="list-style-type: none"> <li>■ We have reviewed legal documents including the decision of the English High Court of July 2016 relating to dismissal of the NIOC challenge of the Award and the first arbitration award;</li> </ul>
<p>Following the first arbitration award, management has carried out an assessment of the recoverable values of the UAE Gas Project assets and has recognised an impairment of USD 360 million during the year against these assets.</p>	<ul style="list-style-type: none"> <li>■ We have discussed the progress and status of the arbitration process with the Group's legal department and senior management;</li> </ul>
<p>The Group's consolidated statement of financial position includes UAE Gas Project assets as at 31 December 2021 comprising of:</p>	<ul style="list-style-type: none"> <li>■ We have assessed the reasonableness of management's assumptions and obtained representation from the management on the sums expected from the second arbitration and whether the final award will be sufficient to cover the remaining carrying value of the related assets;</li> </ul>
<ul style="list-style-type: none"> <li>a) Property, plant and equipment of USD 130 million (note 13);</li> <li>b) intangible assets of USD 191 million (note 14b); and</li> <li>c) investment in joint venture of USD 363 million (note 16).</li> </ul>	<ul style="list-style-type: none"> <li>■ We have assessed the reasonableness of the judgement and assumptions used in assessing the recoverable value of these assets;</li> </ul>
<p>Since significant judgement and assumptions are involved in assessing the recoverable value of these assets and the uncertainty surrounding the amount and timing of damages award from the second arbitration, we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>■ We have inspected publicly available information of a case involving Iran in international arbitrations, Iran's adherence to the decisions by courts, form and timing of related settlements; and</li> <li>■ We have also reviewed the adequacy of the related disclosures in the consolidated financial statements.</li> </ul>
	<p>Considering the inherent uncertainty over the ultimate outcome of any arbitration or court process, we have included an emphasis of this matter as above in this audit report.</p>

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)

Key audit matter	How our audit addressed the key audit matter
<b>Impairment assessment of Oil &amp; Gas interests</b>	
<p>As at 31 December 2021, the Group has tangible oil and gas interests of USD 493 million (note 13). As required by IAS 36 'Impairment of Assets', management performed an annual impairment test of tangible Oil and Gas Interests with value in use model supported by an independent expert's reserve report.</p>	<p>We performed the below procedures in relation to management's assessment of the recoverability of oil &amp; gas assets:</p>
<p>We have identified this as a key audit matter because it requires significant management judgements and assumptions that are affected by future market conditions, particularly future hydrocarbon prices, expected reserves amount and macro-economic conditions.</p>	<ul style="list-style-type: none"> <li data-bbox="692 611 1147 777">■ We evaluated the assumptions and methodologies used by the Group and the independent external expert, in particular those relating to discount rates, oil/gas prices, capital/ operating expenditures and production profile;</li> <li data-bbox="692 786 1147 974">■ We have compared management's hydrocarbon price assumptions against third party forecasts, contractual arrangements and relevant market data to determine whether the price assumptions were within the range of such forecasts;</li> <li data-bbox="692 983 1147 1093">■ We evaluated the reasonableness of the discount rates used by comparing key inputs, where relevant, to the externally derived data and market rates;</li> <li data-bbox="692 1102 1147 1290">■ We have reviewed reports provided by external experts and terms of engagement with the Group to assess their scope of work and conclusions, assessing the objectivity, independence and expertise of external reserve experts;</li> <li data-bbox="692 1299 1147 1435">■ We have reviewed the reasonableness of the production profile in light of reserves volumes certified by independent external experts and historical operations;</li> <li data-bbox="692 1444 1147 1666">■ We have reviewed estimated future capital and operational costs by comparison to the approved budgets, historical costs and assessed them with reference to field production forecasts and our expectations based upon other information obtained throughout the audit;</li> <li data-bbox="692 1675 1147 1785">■ We have reviewed the mathematical integrity of the impairment models and performed sensitivity analysis over inputs to the cash flow models; and</li> <li data-bbox="692 1794 1147 2040">■ We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of oil and gas assets which are disclosed in note 3 to the consolidated financial statements.</li> </ul>
<p>Key estimates in management's impairment test include judgements and assumptions around hydrocarbon price assumptions, discount rates, production forecasts and future capital and operational costs.</p>	

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)

Key audit matter	How our audit addressed the key audit matter
<b>Estimation of fair value of financial assets at fair value through profit or loss</b>	
<p>As disclosed in Note 19 to the consolidated financial statements, the Group has financial assets at fair value through profit or loss of USD 119 million at 31 December 2021. These assets arise from certain reserve based earn out entitlements from Joint Operations Partners MOL Hungarian Oil and Gas Public Limited Company ('MOL'), OMV Upstream International GMBH ('OMV') and certain confined payments from RWE Supply &amp; Trading GmbH. Estimating the fair value of these assets is a complex process and involves a high estimation uncertainty. In February 2020, the Group together with Crescent Petroleum commenced arbitration proceedings against MOL and OMV due to their attempts to avoid paying reserve based earn out payments to the Group and Crescent Petroleum arising out of the terms of the Sale and Purchase agreement entered into between the Parties in 2009 through which both MOL and OMV, acquired their respective 10% shareholding in Pearl Petroleum.</p> <p>We have identified this as key audit matter as the recognition of financial assets at fair value through profit or loss requires significant judgements and estimates to be undertaken by management including the final outcome of the arbitration proceedings against MOL and OMV.</p> <p>The key estimates in management's fair value model are the probability of collection and the discount rates.</p>	<p>We performed the below procedures in relation to management's assessment of the fair value of financial assets:</p> <ul style="list-style-type: none"> <li>■ We have discussed the status of the ongoing arbitration with the Group's management including the legal department, in addition to review of the related arbitration documents;</li> <li>■ We have assessed reasonableness of management's rationale for concluding on the probability of the collection, reviewed the cash received during the year and reviewed legal advice provided to management by external lawyers involved in the arbitration;</li> <li>■ We have evaluated the reasonableness of the discount rates used; and</li> <li>■ We also reviewed the adequacy of the related disclosures in the consolidated financial statements, including management's judgements and estimation uncertainty surrounding the carrying value of the assets.</li> </ul>

### Other information

Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the Report of the Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2021 Annual Report after the date of our auditors' report. Management is responsible for the other information.

## **Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)**

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's 2021 Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the article of association of the Company and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditors' Report to the Shareholders of Dana Gas PJSC (continued)

### Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and the articles of association of the Company;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Report of the Directors is consistent with the books of account of the Group;
- v) investments in shares and stocks during the year ended 31 December 2021, if any, are disclosed in note 19 to the consolidated financial statements;
- vi) note 31 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its articles of association which would materially affect its activities or its financial position as at 31 December 2021; and
- viii) note 35 reflects the social contributions made during the year.

For Ernst & Young



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

14 March 2022

Sharjah, United Arab Emirates

## Consolidated Income Statement

### For the year ended 31 December 2021

	Notes	2021		2020	
		USD mm	AED mm	USD mm	AED mm
Gross revenue	5	452	1,657	349	1,279
Royalties	5	(134)	(491)	(124)	(455)
Net revenue		318	1,166	225	824
Operating costs and depletion	6	(123)	(451)	(139)	(510)
<b>GROSS PROFIT</b>		195	715	86	314
General and administration expenses		(11)	(40)	(12)	(44)
Other expenses		(16)	(60)	(11)	(40)
Investment and finance income	7	2	7	15	55
Other income	8	642	2,353	1	4
Reversal of impairment of oil & gas assets	12	80	293	-	-
Impairment of PP&E, intangible and joint venture	13/14/16	(531)	(1,945)	(403)	(1,477)
Impairment of financial assets		(2)	(7)	(9)	(32)
Change in fair value of asset held for sale	12	(14)	(51)	(18)	(66)
Change in fair value of investment property	15	-	-	(2)	(7)
Share of profit / (loss) of a joint venture	16	4	15	(2)	(7)
Exploration expenses/write-off		(5)	(18)	(1)	(4)
Finance cost	9	(5)	(18)	(16)	(59)
<b>Profit / (loss) before income tax</b>		339	1,244	(372)	(1,363)
Income tax expense	10	(22)	(81)	(4)	(15)
<b>Profit / (loss) for the year</b>		317	1,163	(376)	(1,378)
<b>PROFIT / (LOSS) ATTRIBUTABLE TO:</b>					
- Equity holders of the parent		315	1,156	(376)	(1,378)
- Non-controlling interest		2	7	-	-
		317	1,163	(376)	(1,378)
<b>EARNINGS PER SHARE:</b>					
Basic & Diluted earnings / (loss) per share (USD/AED per share)	11	0.045	0.165	(0.054)	(0.19)
<b>PROFIT / (LOSS) FOR THE YEAR:</b>		317	1,163	(376)	(1,378)
Other comprehensive income		-	-	-	-
<b>Other comprehensive income for the year</b>		-	-	-	-
<b>Total comprehensive income / (loss) for the year</b>		317	1,163	(376)	(1,378)
<b>ATTRIBUTABLE TO:</b>					
- Equity holders of the parent		315	1,156	(376)	(1,378)
- Non-controlling interest		2	7	-	-
		317	1,163	(376)	(1,378)

The attached notes 1 to 35 form part of these consolidated financial statements.

## Consolidated Statement of Financial Position As at 31 December 2021

	Notes	2021		2020	
		USD mm	AED mm	USD mm	AED mm
<b>ASSETS:</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	1,013	3,713	948	3,475
Intangible assets	14	191	700	458	1,679
Investment property	15	20	73	20	73
Interest in joint ventures	16	363	1,331	561	2,056
Financial assets at fair value through profit or loss	19	66	242	47	172
		<b>1,653</b>	<b>6,059</b>	<b>2,034</b>	<b>7,455</b>
<b>Current assets</b>					
Inventories	18	21	77	4	15
Financial assets at fair value through profit or loss	19	53	194	51	188
Sum due following arbitration award	20	608	2,229	-	-
Trade and other receivables	21	107	392	69	253
Cash and cash equivalents	22	185	678	108	396
		<b>974</b>	<b>3,570</b>	<b>232</b>	<b>852</b>
Assets classified as held for sale	12	-	-	156	572
Total current assets		<b>974</b>	<b>3,570</b>	<b>388</b>	<b>1,424</b>
<b>Total assets</b>		<b>2,627</b>	<b>9,629</b>	<b>2,422</b>	<b>8,879</b>
<b>EQUITY:</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	23	1,908	6,995	1,908	6,995
Treasury shares	24	-	-	(9)	(33)
Legal reserve	25	164	599	132	483
Voluntary reserve	25	32	116	132	483
Retained earnings / (Accumulated losses)		189	695	(20)	(75)
<b>Attributable to equity holders of the Company</b>		<b>2,293</b>	<b>8,405</b>	<b>2,143</b>	<b>7,853</b>
Non-controlling interest		-	-	2	8
<b>Total equity</b>		<b>2,293</b>	<b>8,405</b>	<b>2,145</b>	<b>7,861</b>


## Consolidated Statement of Financial Position

### As at 31 December 2021 (continued)

	Notes	2021		2020	
		USD mm	AED mm	USD mm	AED mm
<b>LIABILITIES:</b>					
<b>Non-current liabilities</b>					
Borrowings	26	162	594	68	249
Trade payables and accruals	28	36	132	-	-
Provisions	27	17	62	3	11
		<b>215</b>	<b>788</b>	<b>71</b>	<b>260</b>
<b>Current liabilities</b>					
Borrowings	26	37	136	95	349
Trade payables and accruals	28	82	300	65	239
		<b>119</b>	<b>436</b>	<b>160</b>	<b>588</b>
Liabilities directly associated with assets classified as held for sale	12	-	-	46	170
		<b>119</b>	<b>436</b>	<b>206</b>	<b>758</b>
Total current liabilities		<b>119</b>	<b>436</b>	<b>206</b>	<b>758</b>
Total liabilities		<b>334</b>	<b>1,224</b>	<b>277</b>	<b>1,018</b>
<b>Total equity and liabilities</b>		<b>2,627</b>	<b>9,629</b>	<b>2,422</b>	<b>8,879</b>

The consolidated financial statements were approved for issue by the Board of Directors on 14 March 2022 and signed on their behalf by:

\_\_\_\_\_  
  
 Director

\_\_\_\_\_  
  
 Director

## Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021		2020	
		USD mm	AED mm	USD mm	AED mm
<b>OPERATING ACTIVITIES:</b>					
<b>Profit/(loss) before income tax from Adjustments for:</b>		339	1,244	(372)	(1,363)
Depreciation and depletion	13	63	231	84	308
Investment and finance income	7	(2)	(7)	(15)	(55)
Other income	8	(642)	(2,353)	(1)	(4)
Reversal of impairment of oil and gas asset	12	(80)	(293)	-	-
Impairment of PP&E, intangible and joint venture	13/14/16	531	1,945	403	1,477
Impairment of financial assets		2	7	9	32
Change in fair value of investment property	15	-	-	2	7
Change in fair value of assets held for sale	12	14	51	18	66
Share of (profit) / loss of a joint venture	16	(4)	(15)	2	7
Exploration expenses/write-off		5	18	1	4
Finance costs	9	5	18	16	59
Directors' remuneration		-	-	(3)	(11)
		231	846	144	527
<b>Changes in working capital:</b>					
Trade and other receivables		96	353	(31)	(113)
Inventory		1	4	-	-
Funds held for development		-	-	27	99
Trade payables and accruals		(4)	(15)	(3)	(10)
Net cash generated from operating activities		324	1,188	137	503
Income tax		(22)	(81)	(4)	(15)
Net cash flows generated from operating activities		302	1,107	133	488
<b>INVESTING ACTIVITIES:</b>					
Payment for property, plant and equipment		(104)	(381)	(47)	(172)
Payment for intangible assets		(2)	(7)	(5)	(18)
Proceeds from sale of interest in joint venture	16	15	55	-	-
Investment and finance income received		2	7	7	26
Net cash flows used in investing activities		(89)	(326)	(45)	(164)

The attached notes 1 to 35 form part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

### For the year ended 31 December 2021 (continued)

	Notes	2021		2020	
		USD mm	AED mm	USD mm	AED mm
<b>FINANCING ACTIVITIES:</b>					
Dividend paid	32	(172)	(630)	(104)	(383)
Proceeds from sale of treasury shares		7	26	-	-
Repayment of borrowings		(22)	(81)	(388)	(1,422)
Proceeds from borrowings		59	216	104	381
Finance costs paid		(9)	(33)	(16)	(59)
Net cash flows used in financing activities		(137)	(502)	(404)	(1,483)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		76	279	(316)	(1,159)
Cash and cash equivalents at the beginning of the year		109	399	425	1,558
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	22	185	678	109	399

The attached notes 1 to 35 form part of these consolidated financial statements.

## Consolidated Statement of Changes In Equity

For the year ended 31 December 2021

	Attributable to equity holders of the Company															
	Share capital		Legal reserve		Voluntary reserve		Retained earnings/ (Accumulated losses)		Other reserves		Treasury shares		Non-controlling interest		Total	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
<b>AS AT 1 JANUARY 2021</b>	1,908	6,995	132	483	132	483	(20)	(75)	-	-	(9)	(33)	2	8	2,145	7,861
Profit for the year	-	-	-	-	-	-	315	1,156	-	-	-	-	2	7	317	1,163
Total comprehensive profit for the year	-	-	-	-	-	-	315	1,156	-	-	-	-	2	7	317	1,163
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	7	26	-	-	7	26
Transfer	-	-	-	-	(132)	(483)	132	483	-	-	-	-	-	-	-	-
Disposal of interest	-	-	-	-	-	-	-	-	-	-	-	-	(4)	(15)	(4)	(15)
Loss on treasury shares	-	-	-	-	-	-	(2)	(7)	-	-	2	7	-	-	-	-
Dividend paid	-	-	-	-	-	-	(172)	(630)	-	-	-	-	-	-	(172)	(630)
Transfer to reserves	-	-	32	116	32	116	(64)	(232)	-	-	2	-	-	-	-	-
As at 31 December 2021	1,908	6,995	164	599	32	116	189	695	-	-	-	-	-	-	2,293	8,405
<b>AS AT 1 JANUARY 2020</b>	1,908	6,995	132	483	132	483	463	1,697	4	15	(9)	(33)	2	8	2,632	9,648
Loss for the year	-	-	-	-	-	-	(376)	(1,378)	-	-	-	-	-	-	(376)	(1,378)
Total comprehensive loss for the year	-	-	-	-	-	-	(376)	(1,378)	-	-	-	-	-	-	(376)	(1,378)
Transfer	-	-	-	-	-	-	-	-	(4)	(15)	-	-	-	-	(4)	(15)
Dividend paid	-	-	-	-	-	-	(104)	(383)	-	-	-	-	-	-	(104)	(383)
Director remuneration	-	-	-	-	-	-	(3)	(11)	-	-	-	-	-	-	(3)	(11)
As at 31 December 2020	1,908	6,995	132	483	132	483	(20)	(75)	-	-	(9)	(33)	2	8	2,145	7,861

The attached notes 1 to 35 form part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements At 31 December 2021

### 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 year ended 31 December 2021, 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 December 2021 and 31 December 2020 and the Company's (direct and indirect) percentage of ordinary share capital or interest are set out below:

	%	Country of incorporation	Principal activities
<b>SUBSIDIARIES</b>			
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

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

	%	Country of incorporation	Principal activities
<b>JOINT OPERATIONS</b>			
Pearl Petroleum Company Limited ("Pearl Petroleum")	35	British Virgin Islands	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Unincorporated	Gas Transmission
<b>JOINT VENTURES</b>			
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

### 2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets at fair value through profit or loss account that have been measured at fair value. The 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 Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

The consolidated income statement and the consolidated statements of comprehensive for the prior year have been re-presented to reflect continued operations (note 12).

### 2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These standards and amendments had no impact on the financial statements of the Group:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16

### New standards and interpretations not yet adopted

The standards, amendments and interpretations that are issued, but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IFRS 17 Insurance Contracts (01 January 2023)
- Amendments to IAS1: Classification of liabilities as Current or Non-Current (01 January 2023)
- Reference to the Conceptual Framework – Amendments to IFRS 3 (1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (1 January 2022)
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (1 January 2022)
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter (1 January 2022)
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (1 January 2022)
- IAS 41 Agriculture – Taxation in fair value measurements (01 January 2022)
- Definition of Accounting Estimates – Amendments to IAS 8 (01 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 (01 January 2023) and IFRS Practice Statement 2

These standards, interpretations and improvements are not expected to have a material impact on the financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021.

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gain or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Inter-company transactions, balances and unrealised gains on transaction between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### **(b) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### **(c) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

### **(d) Joint arrangements**

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interest in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from sale of its share of the output arising from the joint operations
- Share of the revenue from the sale of the output by the joint operations
- Expenses, including its share of any expenses incurred jointly

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.6 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is the Company's functional currency and AED is presented as the Group's presentation currency for the convenience of the users of the consolidated financial statements.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

#### (c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 2.7 Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

Depreciation/depletion is computed on a straight line/Unit-of-production basis over the estimated useful lives of the assets as follows:

<b>Oil and gas interests</b>	<b>Unit-of-production</b>
Buildings	25 years
Plant and equipment	15 – 25 years/unit-of-production
Pipelines and related facilities	25 years/unit-of-production
Other assets	2-5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas interests are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.8 Intangible assets

Intangible assets acquired as part of a business combination relating to oil and gas interests are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life when the asset is available for use and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

#### (a) Oil and gas interest

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration license and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical costs are recognised in the consolidated income statement, as incurred.

Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### **(b) Impairment – exploration and evaluation assets**

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use.

### **2.9 Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

### **2.10 Non-current assets (or disposal groups) classified as held for sale and discontinued operations**

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair values less costs to sell. Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

#### 2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.12 Financial assets and liabilities

#### Financial assets

##### (a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows and is determined at the time of initial recognition. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For assets measured at fair value, gain and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business mode for managing those assets changes.

##### (b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss. This category includes the Group's trade and other receivables.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses when are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is recycled to profit or loss and recognised in other gain/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

### Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 2.13 Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

#### 2.14 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated income statement in the period of derecognition.

#### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.16 Trade and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

### 2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### 2.18 Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.19 Provisions

#### General

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

### Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

### 2.20 Royalty

Royalty is recognised when associated revenue is earned. Royalties are government's share of sales and is either a per barrel amount from sales volume or a percentage of the revenue from sales of hydrocarbons. Accordingly, royalties are excluded to arrive at Net revenue.

### 2.21 Income Taxes

In Egypt, the Government receives production in lieu of income tax. The Group records this production as a current income tax expense.

### 2.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 2.23 Share based payment transactions

Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortised on a straight line method, based on the vesting period.

### 2.24 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 2.25 Revenue recognition

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

- Step 1.** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2.** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3.** Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4.** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5.** Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Company identified one performance obligation which is the delivery of condensate, LPG and gas to the customers as per the terms of the customer contracts. Accordingly, revenue is recognised point in time when the performance obligation is fulfilled.

### Finance income

Income from surplus funds invested with financial institutions and interest charged to debtors for overdue receivables is recognised as the profit/interest accrues.

## 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's 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 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.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 3.1 Carrying value of UAE Gas Project

This includes an investment in CNGCL (note 16) and assets relating to Saj Gas and UGTC included under Property, plant and equipment (note 13) and Intangible assets (note 14). The Gas Sales & Purchase Contract between Dana Gas's partner Crescent Petroleum and the National Iranian Oil Company ("NIOC") for the supply of gas to the UAE Gas Project has been the subject of international arbitration since June 2009 (refer note 16). In September 2021, Dana Gas was informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has now been made by the international arbitration tribunal. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. The damages sum due to the Company is USD 608 million which has been recognised during the year. Based on advice from Crescent Petroleum, the management believes that the final award from the second arbitration will be sufficient to recover an amount in excess of the remaining carrying value of the related assets. The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of the UAE Gas Project assets. This requires management to estimate the value in use using estimates and assumptions such as long term hydrocarbon prices, supply volumes, discount rate, operating cost, future capital requirement and operating performance uncertainty.

### 3.2 Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

### 3.3 Joint arrangements

As at 31 December 2021, the Group holds 35% (31 December 2020: 35%) of the voting rights in PPCL. The group has joint control over PPCL as under the contractual arrangements, unanimous consent is required from all parties to the arrangement for majority of the relevant activities. Though PPCL is structured as a limited liability company, the underlying agreements provide the company with rights and obligations to its share of jointly owned assets/income and jointly incurred liabilities/expenses. Therefore, this arrangement is classified as joint operations.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### Estimates and assumptions

The Group has identified the following areas where significant estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Changes in estimates are accounted for prospectively. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the consolidated financial statements. The Group based its assumptions and estimates on parameter available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### 3.4 Sum due following arbitration award

Sum due following arbitration award recorded during the year is based on the assumption that full recovery will take place within twelve months. The sum due is subject to interest for delayed payments.

### 3.5 Recoverability of oil and gas assets

The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its oil and gas assets in property, plant and equipment. This requires management to estimate the recoverable value of its oil and gas assets using estimates and assumptions such as long term hydrocarbon prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The calculation for value in use is most sensitive to the discount rate and oil price. The future cash flows are discounted to their present value using a pre-tax discount rate of 10% - 12.5%. The future cashflows are sensitive to oil price. If the oil price forecast were to increase/decrease by 10% the value in use would have been higher/lower by USD 45 million for the year ended 31 December 2021.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 3.6 Financial assets through profit or loss

The Group based its assumptions and estimates on parameter available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group uses various models and assumptions in measuring fair value of financial assets. Judgement is applied in identifying the most appropriate model for each type of asset as well as determining the assumptions used in these models, including assumptions around probabilities and discount rates. During the year, the Group has reviewed the discount rate, hydrocarbon prices and probability assumptions and revised for the current economic environment and has recognized an amount of USD 34 million. A 100 basis point increase/decrease in discount rate would impact the fair value of the financial asset at fair value through profit or loss by USD 3 million.

### 3.7 Hydrocarbon reserve and resource estimates

Oil and gas properties are depreciated on a unit of production (UOP) basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas properties at 31 December 2021 and 2020 is shown in Note 13.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 3.8 Investment Property

The Group carries its investment property at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a qualified independent property consultant to determine fair value reflecting market conditions at 31 December 2021.

### 3.9 Units of production depreciation of oil and gas properties

Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.

### 3.10 Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

## 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.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

	United Arab Emirates	Egypt	Kurdistan Region of Iraq	Total
	USD mm	USD mm	USD mm	USD mm
<b>YEAR ENDED 31 DECEMBER 2021</b>				
Gross revenue	4	261	187	452
Royalties	-	(134)	-	(134)
Net revenue	4	(127)	187	318
Operating cost and depletion	(2)	(60)	(61)	(123)
Gross profit	2	67	126	195
General and administration expenses	-	-	-	(11)
Other expenses	-	-	-	(16)
Investment and finance income	-	-	-	2
Other income	642	-	-	642
Reversal of impairment of oil and gas assets	-	80	-	80
Impairment of PP&E, intangible & joint venture	(360)	(171)	-	(531)
Impairment of financial assets	(2)	-	-	(2)
Change in fair value of asset held for sale	-	(14)	-	(14)
Share of profit of a joint venture	-	-	-	4
Exploration expenses/write-off	-	(5)	-	(5)
Finance cost	-	-	-	(5)
Profit before income tax				339
Income tax expense	-	(22)	-	(22)
Net profit for the period				317
<b>Segment assets as at 31 December 2021</b>	1,575	171	881	2,627
<b>Segment liabilities as at 31 December 2021</b>	105	48	181	334
<b>OTHER SEGMENT INFORMATION</b>				
<b>Capital expenditure:</b>				
Property, plant and equipment	-	36	88	124
Intangible	-	2	-	2
<b>Total</b>	-	38	88	126
Depreciation and depletion	2	25	36	63

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

	United Arab Emirates	Egypt	Kurdistan Region of Iraq	Total
	USD mm	USD mm	USD mm	USD mm
<b>YEAR ENDED 31 DECEMBER 2020</b>				
Gross revenue	4	227	118	349
Royalties	-	(124)	-	(124)
Net revenue	4	103	118	225
Operating cost and depletion	(2)	(79)	(58)	(139)
Gross profit	2	24	60	86
General and administration expenses	-	-	-	(12)
Other expenses	-	-	-	(11)
Investment and finance income	-	-	-	15
Other income	1	-	-	1
Impairment of oil and gas assets	-	(403)	-	(403)
Impairment of financial asset	(5)	(4)	-	(9)
Change in fair value of asset held for sale	-	(18)	-	(18)
Change in fair value of investment property	(2)	-	-	(2)
Share of loss of a joint venture	-	-	-	(2)
Exploration expenses/write-off	-	(1)	-	(1)
Finance cost	-	-	-	(16)
Loss before income tax	-	-	-	(372)
Income tax expense	-	(4)	-	(4)
Loss for the period				(376)
Segment assets	1,284	185	797	2,266
Assets classified as held for sale	-	156	-	156
<b>Total assets</b>	<b>1,284</b>	<b>341</b>	<b>797</b>	<b>2,422</b>
Segment liabilities	123	8	100	231
Liabilities directly associated with asset held for sale	-	46	-	46
<b>Total liabilities</b>	<b>123</b>	<b>54</b>	<b>100</b>	<b>277</b>
<b>OTHER SEGMENT INFORMATION</b>				
<b>Capital expenditure:</b>				
Property, plant and equipment	-	24	27	51
Intangible assets	-	5	-	5
<b>Total</b>	<b>-</b>	<b>29</b>	<b>27</b>	<b>56</b>
Depreciation and depletion	2	47	35	84

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 5. Revenue

	2021	2020
	USD mm	USD mm
Gross revenue	448	345
Tariff fee	4	4
	452	349
Less: royalties	(134)	(124)
<b>Net revenue</b>	<b>318</b>	<b>225</b>

Royalties relate to Government share of production in Egypt. Tariff fees relates to fixed pipeline capacity fees earned by UGTC. As the contract includes monthly fixed fee, revenue is recognised over a period of time when customers are invoiced.

In Pearl, revenue against sale of condensate to KRG under the terms of the PDA is recognised based on provisional prices following the principles laid out in the PDA. As per the terms of the PDA, KRG is obliged to provide price particulars for each month based on which provisionally priced condensate sales invoices are raised, which may undergo reconciliations once audited price particulars are received. The monthly condensate revenue invoices from June 2020 to November 2021 have been billed based on the pricing information received from the KRG and therefore not subject to any significant adjustments. Further adjustment, if any, post receipt of final audited pricing particulars from KRG will be accounted for prospectively.

#### 6. Operating costs and depletion

	2021	2020
	USD mm	USD mm
Production costs	35	33
Staff costs (note 30)	25	22
Depreciation and depletion (note 13)	63	84
	123	139

#### 7. Investment and finance income

	2021	2020
	USD mm	USD mm
Profit on short term deposit	2	6
Gain on buyback of Sukuk	-	9
	2	15

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 8. Other income

	2021	2020
	USD mm	USD mm
Sum due following arbitration award (note 20)	608	-
Financial asset recognised during the year (note 19)	34	-
Others	-	1
	642	1

#### 9. Finance cost

	2021	2020
	USD mm	USD mm
Profit on Sukuk	-	12
Term finance (note 26a)	3	1
Project finance – Pearl (note 26b)	1	1
Others	1	2
	5	16

#### 10. Income tax expense

##### a) UAE

The Company is not liable to corporate income tax in its primary jurisdiction (UAE).

##### b) Kurdistan Region of Iraq

The PDA provides that corporate income tax in the Kurdistan Region of Iraq will be paid directly by the KRG to the relevant tax authorities on behalf of PPCL.

##### c) Egypt

The income tax expense in the income statement relates to Dana Gas Egypt operations which is taxed at an average tax rate of 40.55% (2020: 40.55%). This tax is paid by Egyptian General Petroleum Corporate (EGPC)/Egyptian Natural Gas Holding Company (EGAS) on behalf of the Company from their share of production. Dana Gas Egypt does not have any deferred tax asset/liability at year end.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 11. Earnings per share

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

	2021	2020
	USD mm	USD mm
<b>Earnings:</b>		
Net profit / (loss) for the year - USD mm	315	(376)
<b>Shares:</b>		
Weighted average number of shares outstanding – million	6,987	6,958
<b>Earnings / (loss) per share (Basic) – USD</b>	<b>0.045</b>	<b>(0.054)</b>

#### 12. Asset and liabilities classified as held for sale

The Group announced on 25 October 2020 that it had entered into an agreement with IPR Wastani Petroleum Ltd, a member of the IPR Energy Group ("IPR") for the sale of its onshore Egyptian producing oil and gas assets for a consideration of up to USD 236 million including contingent payments.

On 23 April 2021, the Company terminated its agreement for the sale of its Egyptian assets, previously announced on 25 October 2020.

IPR, notified Dana Gas Egypt ("DGE") that it has submitted a request for Arbitration disputing DGE's right to terminate the SPA.

By an award dated 17 July 2021, the Tribunal dismissed IPR's claim in its entirety, and ruled that Dana Gas' termination of the SPA was valid.

Upon termination of the SPA, the Company transferred the related assets and liabilities from "assets /liabilities held for sale" to the respective statement of financial position categories and reassessed the previously recognised impairment in light of the intention to now retain these assets. This resulted in reversal of impairment of USD 80 million which has been recognised in the current year income statement.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 13. Property, plant and equipment

	Freehold Land	Building	Oil & gas interests	Plant and equipment	Other assets	Pipeline & related facilities	Capital work-in- progress	Total
	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm
<b>COST</b>								
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
<b>At 31 December 2021</b>	<b>14</b>	<b>12</b>	<b>1,658</b>	<b>385</b>	<b>44</b>	<b>119</b>	<b>389</b>	<b>2,621</b>
<b>DEPRECIATION/ DEPLETION</b>								
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
<b>At 31 December 2021</b>	<b>-</b>	<b>7</b>	<b>1,165</b>	<b>269</b>	<b>34</b>	<b>67</b>	<b>66</b>	<b>1,608</b>
<b>NET CARRYING AMOUNT</b>								
<b>At 31 December 2021</b>	<b>14</b>	<b>5</b>	<b>493</b>	<b>116</b>	<b>10</b>	<b>52</b>	<b>323</b>	<b>1,013</b>

Some of Pearl Petroleum's property, plant and equipment is pledged against loan facility (note 26).

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.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

	Freehold Land	Building	Oil & gas interests	Plant and equipment	Other assets	Pipeline & related facilities	Capital work-in-progress	Total
	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm
<b>COST</b>								
At 1 January 2020	14	12	1,597	384	44	119	276	2,446
Additions	-	-	17	-	-	-	27	44
Transfer from capital work in progress	-	-	2	-	-	-	(2)	-
Transfer from intangible assets (note 14)	-	-	4	-	-	-	-	4
Assets classified as held for sale	-	-	(1,099)	(140)	(10)	-	-	(1,249)
<b>At 31 December 2020</b>	<b>14</b>	<b>12</b>	<b>521</b>	<b>244</b>	<b>34</b>	<b>119</b>	<b>301</b>	<b>1,245</b>
<b>DEPRECIATION/ DEPLETION:</b>								
At 1 January 2020	-	6	954	200	24	59	-	1,243
Depreciation/depletion charge for the year	-	-	60	17	2	4	1	84
Impairment	-	-	30	-	-	-	-	30
Assets classified as held for sale	-	-	(951)	(108)	(1)	-	-	(1,060)
<b>At 31 December 2020</b>	<b>-</b>	<b>6</b>	<b>93</b>	<b>109</b>	<b>25</b>	<b>63</b>	<b>1</b>	<b>297</b>
<b>NET CARRYING AMOUNT</b>								
<b>At 31 December 2020</b>	<b>14</b>	<b>6</b>	<b>428</b>	<b>135</b>	<b>9</b>	<b>56</b>	<b>300</b>	<b>948</b>

Some of Pearl Petroleum's property, plant and equipment is pledged against a loan facility (note 26).

Property, plant and equipment include financing cost amounting to USD 8 million as at 31 December 2020 (2019: USD 4 million) on borrowings for ongoing development and capitalised using effective interest rate of the specific borrowing.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (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 has carried out an assessment of the recoverable values of the Saj Gas and UGTC assets at the period end and based on the expected future cash flows to be generated by the assets has recognised an impairment provision of USD 74 million against these assets.

#### 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.
- **El Matariya Onshore (Block-3)** - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the Block 3 concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt as a partner and BP as an operator will participate on a 50:50 basis. In 2020, an amount of USD 7.5 million had been impaired in relation to signature bonus paid. In January 2021, the area was relinquished.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 14. Intangible assets

	Oil & gas interest	Transmission & sweetening rights	Goodwill	Total
	USD mm	USD mm	USD mm	USD mm
<b>COST AT 1 JANUARY 2021</b>	199	289	145	633
Less: accumulated impairment	(175)	-	-	(175)
Net book amount at 1 January 2021	24	289	145	458
Addition	2	-	-	2
Impairment	(26)	(98)	(145)	(269)
<b>At 31 December 2021</b>	<b>-</b>	<b>191</b>	<b>-</b>	<b>191</b>

	Oil & gas interest	Transmission & sweetening rights	Goodwill	Total
	USD mm	USD mm	USD mm	USD mm
<b>COST AT 1 JANUARY 2020</b>	214	289	308	811
Less: accumulated impairment	(175)	-	-	(175)
Net book amount at 1 January 2020	39	289	308	636
Addition	5	-	-	5
Transfer to property, plant and equipment (note 13)	(4)	-	-	(4)
Exploration write-off	(1)	-	-	(1)
Asset classified as held for sale	(15)	-	(163)	(178)
<b>At 31 December 2020</b>	<b>24</b>	<b>289</b>	<b>145</b>	<b>458</b>

#### a) Oil and Gas Interests

Oil and gas interests in intangible assets relates to North Al Arish Offshore (Block-6) concession in Dana Gas Egypt. In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area currently comprises 2,000 sq. km after relinquishment of 1/3 of the original area in July 2019, offshore Nile Delta/Sinai Peninsula, in the eastern part of the Mediterranean Sea. A 3D seismic survey acquisition was carried out in the Block, covering 1,830 full fold sq. km. The Company completed the drilling operations at its deepwater Merak-1 well in July 2019. The well was drilled to a total depth of 3,890 meters and encountered 36m of sand in the Miocene objective interval but did not encounter commercial hydrocarbons. In 2020, the Company carried out reprocessing of 1,000 sq. km and acquisition of further 345 sp. km 3D seismic over the Thuraya prospect. In Quarter 2 2021, Dana Gas Egypt was granted a nine month extension for the second exploration phase.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### b) Transmission and sweetening rights

Intangible assets include USD 191 million (2020: USD 289 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 has carried out an assessment of the recoverable values of the transmission & sweetening rights at the period end and based on the expected future cash flows to be generated by these assets has recognised an impairment provision of USD 98 million.

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.

### c) Goodwill

Goodwill of USD 145 million relates to the acquisition of Dana Gas Egypt in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to development. In 2020 Dana Gas was selling its onshore business in Egypt and as part of the sale had recorded impairment of USD 163 million against goodwill. In Q2 2021 the sale was terminated, however the goodwill previously impaired was not reversed. During the year, management has carried out further assessments and has recognised full impairment of the remaining goodwill.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 15. Investment property

	2021	2020
	USD mm	USD mm
Balance at 1 January	20	22
Change in fair value	-	(2)
<b>Balance at 31 December</b>	<b>20</b>	<b>20</b>

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.

#### 16. Interest in joint ventures

The following table summarises the statement of financial position of the joint ventures as at 31 December 2021:

	Gas Cities	CNGCL	EBGDCO	Total
	USD mm	USD mm	USD mm	USD mm
<b>CURRENT ASSETS:</b>				
Other current assets	2	-	-	2
<b>Total current assets</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>NON-CURRENT ASSETS</b>				
	-	21	-	21
<b>Current liabilities</b>				
Other current liabilities	(9)	(52)	-	(61)
<b>Total current liabilities</b>	<b>(9)</b>	<b>(52)</b>	<b>-</b>	<b>(61)</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	-	(19)	-	(19)
<b>Total non-current liabilities</b>	<b>-</b>	<b>(19)</b>	<b>-</b>	<b>(19)</b>
<b>Net assets / (liabilities)</b>	<b>(7)</b>	<b>(50)</b>	<b>-</b>	<b>(57)</b>

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

	Gas Cities	CNGCL	EBGDCO	Total
	USD mm	USD mm	USD mm	USD mm
<b>RECONCILIATION TO CARRYING AMOUNT</b>				
Opening net assets/ (liabilities) as of 1 January 2021	(7)	(46)	18	(35)
Loss / (profit) for the year	-	(4)	-	(4)
Closing net assets/ (liabilities) as of 31 December 2021	(7)	(50)	18	(39)
Group's share in %age	50%	35%	40%	-
Group's share of net assets/ (liabilities)	(3)	(18)	8	(13)
Fair value/adjustment	3	569	5	577
Impairment	-	(188)	-	(188)
Disposal of interest	-	-	(13)	(13)
<b>Carrying amount as of 31 December 2021</b>	-	363	-	363

The following table summarises the income statement of the joint ventures for the year ended 31 December 2021:

	Gas Cities	CNGCL	EBGDCO	Total
	USD mm	USD mm	USD mm	USD mm
Revenue	-	-	-	-
Interest Income	-	-	-	-
Depreciation and amortisation	-	-	-	-
Interest expense	-	-	-	-
Income tax expense	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	(4)	-	(4)

The Joint ventures had no other contingent liabilities or capital commitments as at 31 December 2021 and 2020.

The following table summarises the statement of financial position of the joint ventures as at 31 December 2020:

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

	Gas Cities	CNGCL	EBGDCO	Total
	USD mm	USD mm	USD mm	USD mm
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	-	-	1	1
Other current assets	2	-	19	21
<b>Total current assets</b>	<b>2</b>	<b>-</b>	<b>20</b>	<b>22</b>
<b>NON-CURRENT ASSETS</b>				
	-	23	69	92
<b>Current liabilities</b>				
Financial liabilities (exc. payable)	-	-	(7)	(7)
Other current liabilities	(9)	(46)	(19)	(74)
<b>Total current liabilities</b>	<b>(9)</b>	<b>(46)</b>	<b>(26)</b>	<b>(81)</b>
<b>Non-current liabilities</b>				
Financial liabilities (exc. payable)	-	-	(32)	(32)
Other non-current liabilities	-	(23)	(13)	(36)
<b>Total non-current liabilities</b>	<b>-</b>	<b>(23)</b>	<b>(45)</b>	<b>(68)</b>
<b>Net assets / (liabilities)</b>	<b>(7)</b>	<b>(46)</b>	<b>18</b>	<b>(35)</b>
<b>RECONCILIATION TO CARRYING AMOUNT</b>				
Opening net assets/ (liabilities) as of 1 January 2020	(7)	(40)	18	(29)
Loss for the year	-	(6)	-	(6)
Closing net assets/ (liabilities) as of 31 December 2020	(7)	(46)	18	(35)
Group's share in %age	50%	35%	40%	-
Group's share of net assets/ (liabilities)	(3)	(16)	8	(11)
Fair value/adjustment	3	569	-	572
<b>Carrying amount as of 31 December 2020</b>	<b>-</b>	<b>553</b>	<b>8</b>	<b>561</b>

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2020:

	Gas Cities	CNGCL	EBGDGO	Total
	USD mm	USD mm	USD mm	USD mm
Revenue	-	-	26	26
Interest income	-	-	-	-
Depreciation and amortisation	-	-	(7)	(7)
Interest expense	-	-	(3)	(3)
Income tax expense	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	(6)	-	(6)

Investment in joint venture at the year 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 has carried out an assessment of the recoverable values of the interest in joint venture at the period end and based on the expected future cash flows to be generated has recognised an impairment provision of USD 188 million.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

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.

## 17. Interest in joint operations

### a) Kurdistan Region of Iraq Project

Pearl was incorporated in the British Virgin Islands as a BVI Business Company on 19 January 2009. The activities of the Company include exploration, development, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services in the KRI. Pearl is owned 35% each by Crescent Petroleum and Dana and 10% each by OMV Upstream International GmbH ("OM"), MOL Hungarian Oil and Gas Public Limited Company ("MOL") and RWE Middle East Holding BV ("RWE").

Pursuant to the Head of Agreement with the KRG dated 4 April 2007 (supplemented with a detailed accounting procedure dated 25 January 2008) which was subsequently amended on 30 August 2017 and termed as the "Petroleum Development Agreement" ("PDA"), Pearl is the contractor and consequently takes title to and enjoys exclusive rights to appraise, develop, produce, market and sell petroleum, including natural gas domestically and for export, from Khor Mor, Chemchemical, Block 19 and Block 20 areas ("HoA Areas"). Crescent and Dana have been appointed as the Operator (for and on behalf of Pearl Petroleum) for the purposes of the implementation of the PDA.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

The following amounts represent the Group's 35% share of the assets, liabilities and income of the joint operation:

	2021	2020
	USD mm	USD mm
<b>ASSETS:</b>		
Non-current assets	757	705
Current assets	124	92
<b>Total assets</b>	<b>881</b>	<b>797</b>
<b>LIABILITIES:</b>		
Non-current liabilities	142	68
Current liabilities	39	31
<b>Total liabilities</b>	<b>181</b>	<b>99</b>
<b>Net assets</b>	<b>700</b>	<b>698</b>
Revenue	187	118
Operating cost	(25)	(23)
Depreciation	(36)	(35)
<b>Gross profit</b>	<b>126</b>	<b>60</b>

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### b) UGTC/ Emarat

The Group has a 50% interest in the UGTC/ Emarat jointly controlled operations which owns one of the largest gas pipelines in the UAE (48 inch diameter) with an installed capacity of 1,000 MMscf/d, to transport gas in the Emirates of Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets, liabilities and income of the joint operations:

	2021	2020
	USD mm	USD mm
<b>ASSETS:</b>		
Non-current assets	13	14
Current assets	17	16
<b>Total assets</b>	<b>30</b>	<b>30</b>
<b>LIABILITIES:</b>		
Current liabilities	-	-
<b>Net assets</b>	<b>30</b>	<b>30</b>
Revenue	4	4
Operating cost	(1)	(1)
Depreciation	(1)	(1)
<b>Gross profit</b>	<b>2</b>	<b>2</b>

#### 18. Inventories

	2021	2020
	USD mm	USD mm
Spares and consumables	21	4
	21	4

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 19. Financial assets at fair value through profit or loss

	2021	2020
	USD mm	USD mm
Balance at 1 January	98	111
Recognised during the year	34	-
Received during the year	(13)	(11)
Change in fair value	-	(2)
Balance at 31 December	119	98

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

	2021	2020
	USD mm	USD mm
Current assets	53	51
Non-current assets	66	47
	119	98

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 year, the Company has received an amount of USD 13 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.

The Company did not make any investment in shares or stock during the year ended 31 December 2021 (31 December 2020: Nil).

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 20. Sum due following arbitration award

	2021	2020
	USD mm	USD mm
Recognised during the year	608	-

During the year, 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 the year. 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.

#### 21. Trade and other receivables

	2021	2020
	USD mm	USD mm
Trade receivables (net)	67	39
Prepaid expenses	1	1
Due from joint ventures	17	18
Accrued revenue (note c)	8	8
Other receivables	14	4
Less: provision for impairment	-	(1)
	107	69

- a) Trade receivables are interest bearing and are generally on 5-60 days credit period.  
b) The ageing analysis of trade receivables is as follows:

	Past due						
	Total	Not past due	<30 days	30-60 days	61-90 days	91-120 days	>120 days
	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm	USD mm
<b>31 Dec. 2021</b>	67	51	16	-	-	-	-
<b>31 Dec. 2020</b>	39	13	3	-	-	-	23

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

- 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.

### 22. Cash and cash equivalents

	2021	2020
	USD mm	USD mm
<b>CASH AT BANK:</b>		
Local banks within UAE	53	13
Foreign banks outside UAE	17	6
<b>SHORT-TERM DEPOSITS:</b>		
Local banks within UAE	115	89
<b>Cash and cash equivalents</b>	<b>185</b>	<b>108</b>

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 185 million (31 December 2020: USD 108 million). The effective profit rate earned on short term deposits ranged 0.11% to 2.25% (2020: 0.14% to 3.6%) per annum. As at 31 December 2021, 91% (31 December 2020: 95%) 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 185 million, 9% of the amount was held in Egyptian pounds (2020: 5%).

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

Cash & cash equivalent includes USD 67 million (DG Share 35%) held by Pearl joint venture.

For the purpose of the statement of cash flows, cash and cash equivalent comprise the following at 31 December 2021:

	2021	2020
	USD mm	USD mm
Cash at bank and on hand	70	19
Short term deposits	115	89
Cash at bank attributable to discontinued operations (note 12)	-	1
<b>Cash and cash equivalents</b>	<b>185</b>	<b>109</b>

## 23. Share capital

	2021	2020
	USD mm	USD mm
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

## 24. Treasury shares

The Company executed a share buyback during the period December 2019 to January 2020 and acquired a total of 36,950,000 of its own shares at an average price of AED 0.94.

During Quarter 1 2021, the Company sold 36,950,000 of its own shares at an average price of AED 0.746.

## 25. Legal and voluntary reserve

	Legal reserve	Voluntary reserve
	USD mm	USD mm
At 1 January 2020	132	132
Transfer for the year	-	-
At 31 December 2020	132	132
Transfer to retained earnings	-	(132)
Transfer for the year	32	32
<b>At 31 December 2021</b>	<b>164</b>	<b>32</b>

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### a) Legal Reserve

In accordance with the U.A.E. Federal Law No. (2) of 2015 (as amended), the Company has established a legal reserve by appropriation of 10% of the Group's net profit for each year. The allocation may cease by the decision of the General Assembly when the reserve equals 50% of the Company's paid up capital. This reserve may not be distributed to the shareholders. However, the legal reserve in excess of 50% of the paid up capital may be distributed as profits to the shareholders in the years in which the Company does not make sufficient net profits.

#### b) Voluntary Reserve

As per the Article of Association of the Company, 10% of the Group's net profit for each year will be allocated to the voluntary reserve. The General Assembly may stop the allocation upon the recommendation of the Board of Directors or when the reserve reaches 50% of the paid up capital. The voluntary reserve shall be expended in accordance with a resolution of the Board of Directors on matters that serve the interests of the Company.

## 26. Borrowings

	2021	2020
	USD mm	USD mm
<b>NON-CURRENT:</b>		
Term loan facility (a)	57	-
Loan facility (b)	105	68
	162	68
<b>CURRENT:</b>		
Term loan facility (a)	19	90
Loan facility (b)	18	5
	37	95
<b>Total borrowings</b>	199	163
	2021	2020
	USD mm	USD mm
<b>Total Borrowings</b> (including Pearl joint operations)	199	163
Less: Pearl's loan facility – Non recourse to Dana Gas	(123)	(73)
<b>Dana Gas borrowings</b>	76	90

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 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 the year, the Company has exercised its option to extend the facility for a further period of four years. As of 31 December 2021, the amount outstanding towards principal is USD 75.8 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 December 2021.

### 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 due in 2020 (USD 12.5 million) have been deferred and are now payable during the course of 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 from 31 March 2022 and final repayment date is 30 September 2024. The repayment instalments under the facility of USD 50 million which are due by 31 December 2022 have been classified as current liabilities. The four instalments of USD 5.3 million for each of the amounts deferred from 2020 were paid quarterly in 2021 of which USD 12.5 million relates to the principal component of the facility. 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.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

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 repayment revised to be from 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) from the facility as at 31 December 2021.

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 MMscf/d 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 December 2021.

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 MMscf/d 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 December 2021.

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 December 2021.

### 27. Provisions

	2021	2020
	USD mm	USD mm
<b>NON-CURRENT:</b>		
Asset decommissioning obligation (a)	15	-
Employee's end of service benefits (b)	2	3
	17	3

- a) The asset decommissioning provision is based on the Company's best estimate of the expenditure required to settle the obligation at the end of the field life in Egypt.
- b) Provision for employee's end of service benefits represents the present value of the obligations to employees in accordance with the UAE Labor Law. During the year, an additional provision of USD 404,000 was recognized as an expense and USD 621,000 of provision was utilized.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 28. Trade payables and accruals

	2021	2020
	USD mm	USD mm
Trade payables	29	6
Accruals and other payables	64	27
Asset decommissioning obligation	16	18
Other liabilities	9	14
	<u>118</u>	<u>65</u>

Trade payables and accruals classification between non-current and current liability is as follows:

	2021	2020
	USD mm	USD mm
Current liabilities	82	65
Non-current liabilities	36	-
	<u>118</u>	<u>65</u>

#### 29. Commitments

##### Pearl Petroleum

As at 31 December 2021, Pearl had capital commitments of circa USD 255.7 million (DG Share: USD 89.5 million) – (2020: USD 396.24 million – DG share: USD 138.69 million) which mainly includes commitment relating to engineering, procurement and construction contract for development of 250 MMscf/d gas processing train in Khor Mor.

#### 30. Staff costs

	2021	2020
	USD mm	USD mm
Salaries, allowances and other employee benefits	45	40
	<u>45</u>	<u>40</u>

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

Staff costs are allocated as follows:

	2021	2020
	USD mm	USD mm
Operating costs (staff cost)	25	22
Operating costs (production costs)	2	3
General and administration expenses	5	5
Other expenses	1	1
Capital expenditure	12	9
	45	40

### 31. Related party disclosures

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

	2021	2020
	USD mm	USD mm
Fee for management services by shareholder	1.5	1
Fees for management services to Joint arrangement	3	2
Revenues billed to Joint arrangement	1	1
Sum due following arbitration award (note 20)	608	-

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

Revenue relates to pipeline capacity charges billed by UGTC to CNGCL (Joint Venture) in which the Group holds 35% interest.

### Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2021	2020
	USD mm	USD mm
Short-term benefits	4	3
Share based payment	1	1
	5	4

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### 32. Dividend

At the Annual General Meeting of the Company held on 28 April 2021, the shareholders approved a cash dividend of 5.5 fils per share for 2020 (2020: 5.5 fils) amounting in total to USD 105 million (AED 385 million).

In addition at the General Assembly Meeting held on 9 December 2021, the shareholders approved an interim dividend of 3.5 fils per share for 2021 (2020: Nil) amounting in total to USD 67 million (AED 245 million).

### 33. Financial risk management objectives and policies

#### Financial risk factors

The Group's principal financial liabilities comprise borrowings, decommissioning obligations (provisions), trade payables, other payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Board of Directors on their activities.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

#### a) Foreign currency risk

The Group is exposed to foreign currency risks in relation to its cash balance in Egyptian pounds held in Egypt with local banks and Egyptian pound payables amounting to USD 1 million.

At 31 December 2021, if the Egyptian pounds had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive profit for the year would have been USD 2 million higher/ lower (2020: USD 0.5 million), as a result of foreign exchange gains/losses on translation of Egyptian pounds denominated cash and bank balance.

## Notes to the Consolidated Financial Statements At 31 December 2021 (continued)

### b) Profit rate risk

The Group has minimal exposure to Profit rate risk on bank deposits. The Group has exposure to profit rate risk on its share of borrowing in Pearl and its term loan facility. If the interest rate would have increase/decrease by 10% with all other variable held constant, total comprehensive (loss)/profit for the year would have been USD 0.4 million higher/lower (2020: USD 0.2 million).

### c) Price risk

The Group is exposed to commodity price risk (oil price), however this is partially mitigated due to long term fixed price agreements for sale of natural gas which constitute approximately 43 % (2020: 52%) of the Group's gross revenue. At 31 December 2021, if the average price of oil for the year had increased/decreased by 10% with all other variable held constant the Group's total comprehensive loss for the year would have been USD 17 million higher/lower (2020: USD 8 million).

### d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances. Credit risk is managed on a group basis. The Group's trade receivable is considered to have low credit risk. The credit rating of the counterparties is monitored for any credit deterioration.

#### i) Trade receivables

The trade receivables arise from its operations in Kurdistan Region of Iraq and Egypt (USD 43 million and USD 24 million), respectively. (2020: USD 39 million and USD 130 million, respectively). The requirement for impairment is analysed at each reporting date on an individual basis for major customers (Government related entities). The calculation is based on actual historical data and the status of the customer. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 21.

#### ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. Bank balances are placed with banks having investment grade ratings. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2021 is the carrying amount as illustrated in note 22.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	<1 month	< 1 year	1 to 5 years	>5 years	Total
	USD mm	USD mm	USD mm	USD mm	USD mm
<b>YEAR ENDED 31 DECEMBER 2021</b>					
Borrowings (including profit)	6	42	180	-	228
Trade payables and accruals	11	48	59	-	118
Provisions	-	-	11	7	18
	<b>17</b>	<b>90</b>	<b>250</b>	<b>7</b>	<b>364</b>

	<1 month	< 1 year	1 to 5 years	>5 years	Total
	USD mm	USD mm	USD mm	USD mm	USD mm
<b>YEAR ENDED 31 DECEMBER 2020</b>					
Borrowings (including profit)	-	101	81	-	182
Trade payables and accruals	2	63	-	-	65
Provisions	-	-	3	-	3
	<b>2</b>	<b>164</b>	<b>84</b>	<b>-</b>	<b>250</b>

#### Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020. Capital comprises issued capital, retained earnings and other reserves attributable to the equity holders of the Parent and is measured at USD 2,293 million as at 31 December 2021 (2020: USD 2,143 million).

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	2021	2020
	USD mm	USD mm
Cash and cash equivalents	185	108
Borrowings	(199)	(163)
<b>Net debt</b>	<b>(14)</b>	<b>(55)</b>

	Borrowings	Cash	Total
	USD mm	USD mm	USD mm
Net debt as at 1 January 2020	(456)	425	(31)
Cash flow movement during the year	284	(317)	(33)
Gain on buyback of Sukuk	9	-	9
Net debt as at 31 December 2020	(163)	108	(55)
Cash flow movement during the year	(36)	77	41
<b>Net debt as at 31 December 2021</b>	<b>(199)</b>	<b>185</b>	<b>(14)</b>

The gearing ratio at 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
	USD mm	USD mm
Net debt	14	55
<b>Total equity</b>	<b>2,293</b>	<b>2,143</b>
<b>Net debt to equity ratio</b>	<b>0.61%</b>	<b>2.6%</b>

Financial covenants relating to borrowings are disclosed in note 26.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

#### 34. 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:

	Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
	USD mm	USD mm	USD mm	USD mm
<b>FINANCIAL ASSETS:</b>				
Trade and other receivables (excluding prepaid)	106	106	68	68
Financial assets at fair value through profit or loss	119	119	98	98
Cash and short term deposits	185	185	108	108
<b>FINANCIAL LIABILITIES:</b>				
Borrowings	199	199	163	163
Trade payables and accruals	118	118	65	65

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.

## Notes to the Consolidated Financial Statements

### At 31 December 2021 (continued)

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

	Level 1	Level 2	Level 3	Total
	USD mm	USD mm	USD mm	USD mm
<b>ASSETS</b>				
Financial assets at fair value through profit or loss	-	-	119	119
Investment property	-	20	-	20
<b>Total</b>	-	20	119	139

The following table presents the Group' assets that are measured at fair value on 31 December 2020:

	Level 1	Level 2	Level 3	Total
	USD mm	USD mm	USD mm	USD mm
<b>ASSETS</b>				
Financial assets at fair value through profit or loss	-	-	98	98
Investment property	-	20	-	20
<b>Total</b>	-	20	98	118

There have been no transfers between Level 1 and Level 2 during the years 2021 and 2020.

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.

### 35. Social contributions

As part of the Corporate Social Responsibility Initiatives, the Group spent USD 414,705 (2020: USD 165,900) during the year.





دانة غاز  
DANAGAS