Deep Dive

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Dana Gas

Maintain Buy as KM250 should drive a step-up in cash generation, with Chemchemal unlocking sizable reserves

- **Dana Gas' investment case is increasingly KRI-led, with KM250 driving near-term growth, Federal Iraq broadening monetisation, and Chemchemal extending the production runway.**
- **A sizable recovery pool worth USD 5bn allows Pearl to retain all KRI revenues until FY 44e, on our numbers, materially extending visibility on long-term cash generation.**
- **Higher KRI and Egypt volumes should lift FY 26-29e net income by 16% reaching USD 260m in FY 29e, while lower capex should drive stellar FCFY of 17% and DY of 9%, as we assume Pearl is collecting its receivables from KRG on a timely manner.**
- **Maintain Buy at TP AED 1.15/share (+7% vs. prev.) implying 42% upside, at discounted EV/EBITDA of 5x and P/E of 8x. Chemchemal offers sizable upside of 23%, while KRG tensions and rising receivables remain the key downside risks.**

Dana Gas is the Middle East's largest regional private-sector natural gas company, with its investment case increasingly centred around KRI. Dana Gas operates in KRI through its 35% stake in Pearl Petroleum Consortium with Crescent Petroleum at 35%, OMV, MOL and RWE at 10% each. Pearl holds a 100% working interest in Khor Mor, Chemchemal and Blocks 19 and 20, with the concession running through FY 49e, and supplies four of the KRI's five major power stations, accounting for c.85% of regional electricity generation. Khor Mor and Chemchemal together hold 3.1bn boe of gross 2P reserves (c.1.1bn boe net to Dana) providing a sizeable resource base for future growth. The immediate growth driver is KM250, commissioned in Oct-25, which increased Khor Mor processing capacity by 50% to 750 mmscf/d, while the new 100 mmscf/d Federal Iraq gas sale provides an additional route to monetise the expanded capacity. Beyond KM250, Chemchemal field provides another leg for growth, with first gas targeted for H2 27e and up to 142 mmscf/d already contracted under 10-year GSAs. In Egypt, Dana Gas has an annual production of 15k boepd, while investing USD 100m in a 2-year programme targeting 11 wells and c.80 bcf of incremental gas recovery.

A c.USD 5bn cost-recovery balance materially extends the period over which Dana Gas can capture the economics of its KRI resource base. Under the Petroleum Development Agreement (PDA), Pearl is entitled to a minimum 22% remuneration fee on gross revenues, while the remaining 78% is retained by Pearl until outstanding Petroleum Costs, eligible OpEx and CapEx and the contractual IRR top-up have been recovered. The latter provides Pearl with an 18% minimum return on its historical investment. With the outstanding recovery balance at c.USD 5bn at end-FY 25, we estimate Pearl can continue retaining substantially all KRI revenues until FY 44e (vs. FY 35e prev.). This significantly lengthens the period during which incremental production translates into cash flow, before Pearl transitions to the underlying 22% remuneration structure.

We forecast net income to rise 29% y/y to USD 167m in FY 26e, supported by higher production and realised pricing, followed by 14% CAGR over FY 27-29e. We expect total production to increase 14% y/y to 59.1k boepd in FY 26e, driven by a 14% increase in KRI production to 44.8k boepd as KM250 gradually ramps and a 13% recovery in Egypt to 14.2k boepd. Together with a 12% increase in the implied realised price to USD 17.2/boe, we expect 25% higher revenues y/y to USD 371m in FY 26e. We expect net income to grow at a 14% CAGR over FY 27-29e, driven by higher KRI production as KM250 utilisation ramps up, increased gas monetisation including federal Iraq sales, and strong operating leverage from KRI's low-cost base. With KM250 capex largely behind us, we forecast FCF to rise 53% y/y to c.USD 184m in FY 26e and reach USD 322m by FY 29e, providing comfortable coverage for our 5% growth per annum in DPS over FY 27-29e, yielding c.9%, assuming Pearl is collecting its receivable from KRG on a timely manner.

We maintain Buy with a TP of AED 1.15/share (+7%), implying 42% upside, at discounted FY 26e EV/EBITDA of 5x and P/E of 8x. We expect a production CAGR of 7% in FY 26-29e on gradual ramp up in KM250 and recover in Egypt's production thanks to the current drilling programme. We forecast FCF to grow at a 22% CAGR over FY 27-29e, averaging c.USD 269m p.a., implying a c.17% FCF yield and supporting a c.9% dividend yield. Key upside is unlocking the sizable reserves at Chemchemal field as we expect an incremental value of USD 662m attributable to Dana Gas (c.AED 0.35/share), representing c.23% upside to our base TP and providing a second leg of KRI growth beyond KM250. Key downside remains the KRG friction and its impact on collections. The disagreement centers around Pearl's new federal Iraq gas sales agreement, which KRG has challenged, keeping receivables and cash collection visibility under pressure. Another downside risk is further attacks on KRI processing facilities, which we already partly reflect in our valuation through an elevated CoE of 16%.

BUY AED 1.15

Energy / UAE

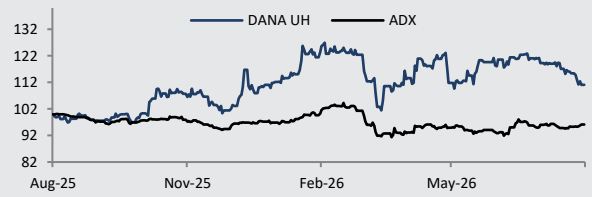
Bloomberg code	DANA UH
Market index	ADX
Target Price	1.15
Upside (%)	42%

Market data 9/14/2026	
Last closing price	0.810
52 Week range	0.8-1.0
Market cap (AED m)	5,666
Market cap (USD m)	1,544
Average Daily Traded Value (USD m)	17.0
Average Daily Traded Value (USD m)	16.9
Free float (%)	79%

Year-end (local m)	2025	2026e*	2027e	2028e
Revenues	297	419	420	463
EBITDA	221	331	320	362
Net income	130	208	201	241
EPS	0.02	0.03	0.03	0.03
EPS growth (%)	-14%	60%	-4%	20%
P/E (current price)	11.88	7.41	7.68	6.40
EV/EBITDA (x)	7.26	4.85	5.01	4.43
DPS	0.065	0.065	0.068	0.072
Div. yield (%)	8.0%	8.0%	8.4%	8.8%
FCF	120	194	246	271
FCF yield (%)	7.5%	12.1%	15.3%	16.9%
CAPEX	88	44	67	43
CAPEX/sales (%)	29.6%	10.5%	15.9%	9.2%
Net Debt/EBITDA (x)	(0.04)	(0.16)	(0.46)	(0.73)
RoAE (%)	5%	8%	8%	9%
RoIC (%)	6%	9%	9%	10%

Note (*): Estimates include USD 48m one-off gas metering adjustment for the period Nov-18 to Mar-24.

Price Performance



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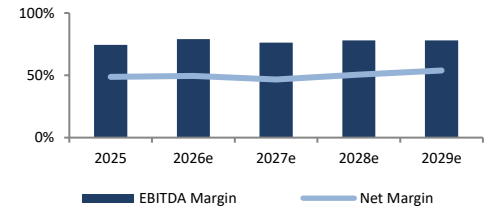
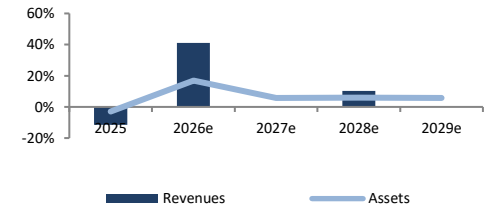
Abacus

Arqaam Capital Fundamental Data

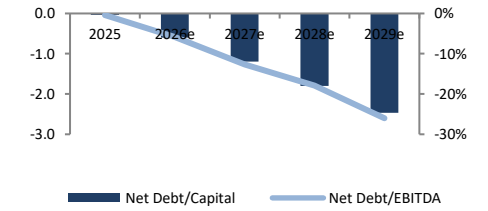
Profitability



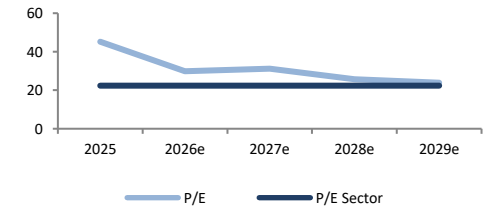
Growth



Gearing



Valuation



Dana Gas*

Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	0.022	0.019	0.030	0.029	0.034	0.037
DPS	0.055	0.065	0.065	0.068	0.072	0.075
Weighted average shares	6,995	6,995	6,995	6,995	6,995	6,995
Average market cap	5,666	5,666	5,666	5,666	5,666	5,666

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	10.22	11.88	7.40	7.68	6.40	5.95
P/E (x) (target price)	14.47	16.81	10.48	10.87	9.06	8.42
EV/EBITDA (x) (current price)	5.99	7.26	4.85	5.01	4.43	4.44
EV/EBITDA (x) (target price)	9.54	11.57	7.72	7.98	7.06	7.07
Free cash flow yield (%)	12%	7%	12%	15%	17%	20%
Dividend yield (%)	7%	8%	8%	8%	9%	9%

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	7.0%	-11.6%	41.2%	0.2%	10.3%	0.0%
EBITDA	7.2%	-17.5%	49.8%	-3.2%	13.0%	0.0%
EBIT	14.5%	-20.0%	58.3%	-4.7%	16.8%	-0.2%
Net income	-5.6%	-13.9%	60.4%	-3.6%	19.9%	7.7%

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	80%	74%	79%	76%	78%	78%
EBIT	61%	55%	62%	59%	62%	62%
Net	45%	44%	50%	48%	52%	56%

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	5%	5%	7%	7%	8%	8%
RoAE	6%	5%	8%	8%	9%	9%
RoIC	8%	6%	9%	9%	10%	11%
FCF margin	59%	40%	46%	59%	58%	70%

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	(0.03)	(0.00)	(0.03)	(0.08)	(0.14)	(0.22)
Net debt/Equity	(0.02)	(0.00)	(0.02)	(0.05)	(0.09)	(0.15)
Net debt/EBITDA (x)	(0.23)	(0.04)	(0.16)	(0.46)	(0.73)	(1.18)

Note (*): Estimates include USD 48m one-off gas metering adjustment for the period Nov-18 to Mar-24.

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Abacus *Arqaam Capital Fundamental Data*

Company profile

Dana Gas is the Middle East's largest regional private sector natural gas company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). Dana Gas is primarily focused on upstream production in the Kurdistan Region of Iraq (KRI), and Egypt. The company produces ~56k boepd across gas, condensate and LPG, and is anchored by 1.1bn boe of 2P reserves in the KRI. Its strategy revolves around monetising these sizeable reserves through phased capacity expansions (notably KM250), strengthening cash flows, and maintaining a low-cost, gas-weighted portfolio that supports sustainable dividends.

Investment Case

We maintain Buy with a TP of AED 1.15/share (+7%), implying 42% upside, at discounted FY 26e EV/EBITDA of 5x and P/E of 8x. We expect a production CAGR of 7% in FY 26-29e on gradual ramp up in KM250 and recover in Egypt's production thanks to the current drilling programme. We forecast FCF to grow at a 22% CAGR over FY 27-29e, averaging c.USD 269m p.a., implying a c.17% FCF yield and supporting a c.9% dividend yield. Key upside is unlocking the sizable reserves at Chemchemal field as we expect an incremental value of USD 662m attributable to Dana Gas (c.AED 0.35/share), representing c.23% upside to our base TP and providing a second leg of KRI growth beyond KM250. Key downside remains the KRG friction and its impact on collections. The disagreement centers around Pearl's new federal Iraq gas sales agreement, which KRG has challenged, keeping receivables and cash collection visibility under pressure. Another downside risk is further attacks on KRI processing facilities, which we already partly reflect in our valuation through an elevated CoE of 16%.

Dana Gas*

Year-end	2024	2025	2026e*	2027e	2028e	2029e
Income statement (USDmn)						
Revenue	336	297	419	420	463	463
OPEX	(120)	(121)	(145)	(158)	(158)	(158)
EBITDA	**268**	**221**	**331**	**320**	**362**	**362**
Depreciation	(63)	(57)	(71)	(73)	(73)	(73)
EBIT	**205**	**164**	**260**	**247**	**289**	**289**
Finance income	0	12	0	0	0	0
Finance cost	(11)	(8)	(8)	(6)	(5)	(4)
Net finance income/cost	**(11)**	**4**	**(8)**	**(6)**	**(5)**	**(4)**
Other income/(expense)	(5)	(7)	(6)	(7)	(7)	(7)
Share of results of associates & JV	(21)	(16)	(11)	(8)	(5)	(4)
Profit before tax	163	146	234	226	271	273
Taxes	(12)	(16)	(26)	(25)	(30)	(13)
Net profit (group)	**151**	**130**	**208**	**201**	**241**	**260**
Minorities	0	0	0	0	0	0
Net profit (parent)	**151**	**130**	**208**	**201**	**241**	**260**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**151**	**130**	**208**	**201**	**241**	**260**

Year-end	2024	2025	2026e*	2027e	2028e	2029e
Balance sheet (USDmn)						
Cash and equivalents	317	215	228	290	384	525
Receivables	208	192	271	266	287	280
Inventories	35	41	45	52	52	52
Tangible fixed assets	1,129	1,160	1,133	1,127	1,097	1,059
Other assets including goodwill	2,148	2,164	2,137	2,131	2,101	2,063
Total assets	**2,948**	**2,861**	**2,929**	**2,988**	**3,073**	**3,170**
Payables	82	92	108	127	130	132
Interest bearing debt	255	206	174	142	120	98
Other liabilities	89	16	16	16	16	16
Total liabilities	**426**	**314**	**298**	**285**	**266**	**246**
Shareholders equity	2,522	2,547	2,632	2,703	2,807	2,923
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**2,948**	**2,861**	**2,929**	**2,988**	**3,073**	**3,170**

Year-end	2024	2025	2026e*	2027e	2028e	2029e
Cash flow (USDmn)						
Cashflow from operations	**256**	**205**	**305**	**296**	**332**	**348**
Net capex	(64)	(88)	(44)	(67)	(43)	(35)
Free cash flow	**198**	**120**	**194**	**246**	**271**	**322**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(105)	(124)	(124)	(130)	(137)	(143)
Net inc/(dec) in borrowings	(49)	(32)	(32)	(22)	(22)	(22)
Other investing/financing cash flows	5	(220)	(164)	(168)	(164)	(170)
Net cash flow	**186**	**(102)**	**13**	**62**	**94**	**141**
Change in working capital	(20)	8	(67)	17	(19)	9

Note (*): Estimates include USD 48m one-off gas metering adjustment for the period Nov-18 to Mar-24.

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Investment Thesis

A low-cost gas producer moving from build-out to harvest, with Chemchemal as the main upside for next leg of growth

All estimates exclude USD 48m one-off gas metering adjustment for the period Nov-18 to Mar-24.

Dana Gas is the Middle East's largest regional private-sector natural gas company, supplying c.85% of the KRI's power generation through its 35% stake in Pearl Petroleum, alongside a mature but recovering Egyptian portfolio. The next phase of growth is led by the KRI, where the KM250 expansion, commissioned in Oct-25, has increased Khor Mor processing capacity by 50% to 750 mmscf/d. This should drive a 14% y/y increase in KRI production in FY 26e, followed by a c.5% CAGR over FY 27-29e as utilisation of the additional capacity ramps up. Importantly, a c.USD 5bn cost-recovery balance under the PDA should allow Pearl to retain all KRI revenues until FY 44e on our estimates, extending the period over which incremental production conversion into cash flow. Beyond Khor Mor, Chemchemal provides the next potential leg of KRI growth, with first gas targeted for H2 27e and 142 mmscf/d already contracted under 10-year GSAs. This growth is supported by c.1.1bn boe of net 2P reserves and structurally low costs, with KRI cash costs of c.USD 3.4/boe supporting EBITDA margins of c.77% in FY 26e. The company's production in Egypt should recover following three years of natural decline, on a USD 100m reinvestment programme.

Exhibit 1: Dana Gas operates in KRI, Egypt and the UAE, with KRI holding the largest upside.



Source: Company data, Arqaam Capital Research

Exhibit 2: KRI gas infrastructure map: Khor Mor supplies 4 of the 5 major power stations (over 2,000 MW)



Source: Company data, Arqaam Capital Research

Exhibit 3: KRI reserves and initial gas-in-place (Khor Mor & Chemchemal)

Field	Status	Gas (2P / GIIP)	Liquids
Khor Mor	Producing	Multi-TCF, low-cost	Condensate & LPG
Chemchemal	In development	4.3tr scf Cretaceous; 21.5tr scf Jur./Tri.	580mm bbl oil
Combined 2P (gross)	-	3.1bn boe (1.1bn boe net to DG)	-

Source: Company Data, Arqaam Capital Research, Note: Cretaceous, Jurassic and Triassic refer to geological formations of different ages; GIIP (Gas initially in place) represents total gas in place, not recoverable reserves.

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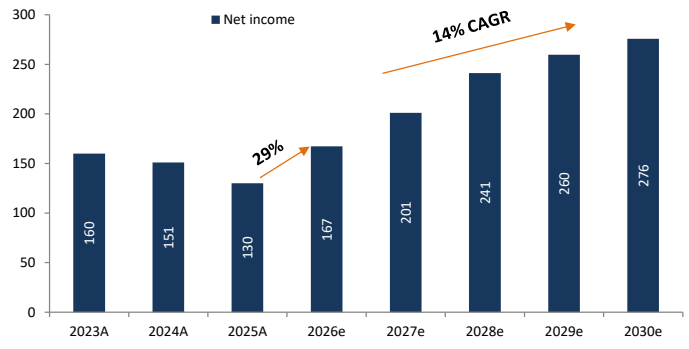
KRI is the core earnings growth engine, supported by KM250 ramp-up

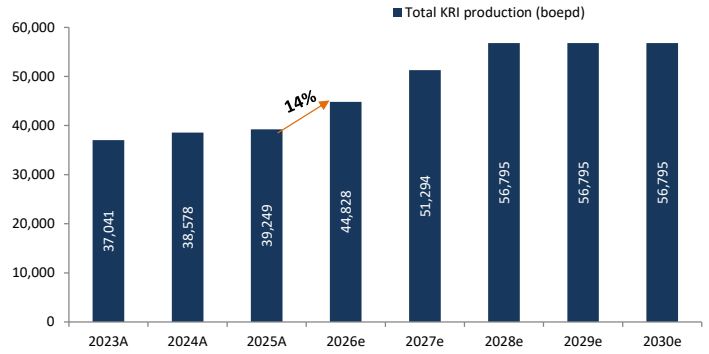
We forecast net income to increase 29% y/y to USD 167m in FY 26e, supported by 14% higher KRI production and 12% improvement in realised gas pricing, followed by a c.14% CAGR over FY 27-29e to USD 260m as KM250 utilisation progressively improves. KM250 has increased Khor Mor's processing capacity by 50% to 750 mmscf/d. The project was completed and commissioned in Oct-25 and added 250 mmscf/d of gas-processing capacity. Its technical capacity has already been demonstrated, with Khor Mor production exceeding 700 mmscf/d in Jan-26, although subsequent regional security disruptions and periods of reduced operating capacity limited the H1 contribution. We therefore assume a gradual rather than immediate ramp-up, forecasting 14% increase in KRI production to 44.8k boepd in FY 26e. Over FY 27-29e, we forecast c.5% KRI production CAGR, led by c.6% growth in gas volumes as the additional capacity is increasingly monetised.

Exhibit 4: Net income is expected to grow 29% y/y to USD 167m in FY 26e and at a 14% CAGR over FY 27-29e



Source: Company data, Arqaam Capital Research

Exhibit 5: KRI production should grow 14% y/y to 44.8k boepd in FY 26e on a gradual KM250 ramp-up



Source: Company data, Arqaam Capital Research

Federal Iraqi gas sale agreement offers diversification benefits, although we view the agreement as strategic move rather than a standalone catalyst.

Pearl commenced supplying 100 mmscf/d to the Federal Iraqi Ministry of Electricity in FY 26e under an initial one-year agreement, establishing Federal Iraq as a new customer and diversifying exposure beyond the KRG. At full run-rate, the contract could generate c.USD 18-20m/month at Pearl, (c.USD 6-7m/month to Dana). It could also shorten the collection cycle and open a commercial route capable of absorbing future Chemchemal volumes.

The agreement has raised questions regarding the approval requirements for gas sales to Federal Iraq, with the KRG maintaining that such sales require its authorisation. Pearl, however, maintains that its existing gas-marketing rights permit sales to third parties without further approval. While the parties' positions differ, the key risk relates to potential implications for future collections and broader commercial arrangements with the KRG.

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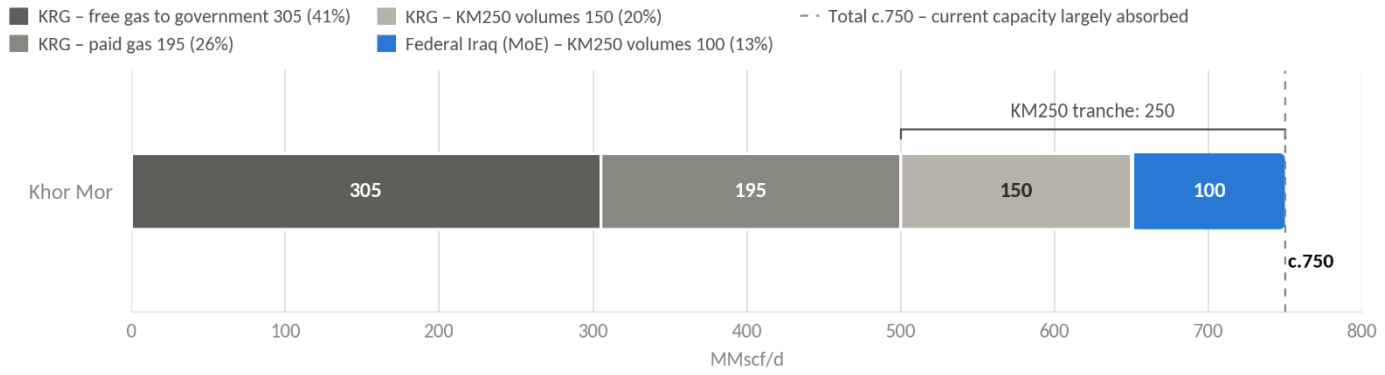
Exhibit 6: Khor Mor gas offtake by customer and tranche



Source: Company data, Arqaam Capital Research

Khor Mor's strategic importance to the KRI reinforced by the Runaki electricity programme

The KRG's Runaki initiative aims to provide 24-hour electricity to all households and businesses by end-FY 26e, replacing reliance on private diesel generators with more reliable grid electricity. The programme has already extended round-the-clock power to c.5.5m people, covering more than 85% of the population, while nearly 5,900 diesel generators have been phased out. Khor Mor plays a central role in supporting this transition, supplying gas to the region's power stations, with the KM250 expansion adding 250 mmscf/d of processing capacity to reach 750 mmscf/d. We believe Khor Mor's importance to the success of Runaki reinforces Pearl's strategic position in the KRI and provides a strong incentive for continued cooperation with the KRG, supporting long-term gas demand and the sustainability of commercial arrangements.

A sizable recovery pool of USD 5bn underpins long-term cash-flow visibility, extending Pearl's full-revenue recognition to FY 44e

Under the KRI PDA, Pearl Petroleum (Dana Gas owns 35%) is entitled to a minimum 22% remuneration fee on gross revenues. The remaining 78%, which would ultimately accrue to the KRG, is instead retained by Pearl while it recovers its outstanding Petroleum Costs, OpEx and CapEx, and an IRR Top-Up. The IRR Top-Up represents the additional amount Pearl is entitled to receive, over and above recovery of its costs, to achieve the contractual minimum 18% IRR on its historical investment in the KRI. In practice, the outstanding recovery balance is reduced by revenues collected and increased by additional eligible OpEx and CapEx, while the IRR entitlement continues to accrue until the required return is achieved. As a result, Pearl effectively retains 100% of relevant revenues for as long as the recovery balance remains outstanding. Only when fully depleted, Pearl should retain only 22% of revenues as remuneration fee, with the remaining 78% passing to the KRG. With the recovery balance standing at c.USD 5.0bn at end-FY25, we now expect this transition to occur in FY 44e versus FY 35e previously, providing significantly longer visibility on full KRI revenue retention and supporting higher long-term cash flows and higher TP.

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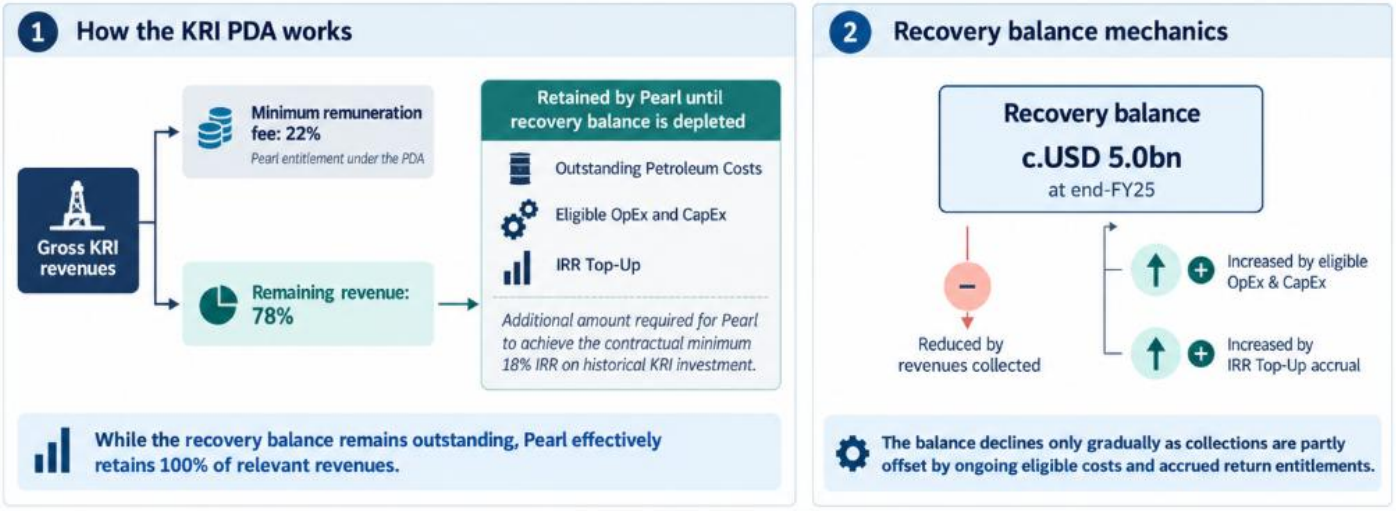
Exhibit 7: KRI PDA structure and recovery balance mechanics



Source: Company data, Arqaam Capital Research

Exhibit 8: Recovery balance extends full-revenue retention to FY 44e



Source: Company data, Arqaam Capital Research

Chemchemal provides the next meaningful KRI growth leg beyond KM250

Chemchemal is Pearl Petroleum's second major KRI field and sits alongside Khor Mor under the same PDA, thanks to sizable combined net 2P reserves of c.1.1bn boe. Chemchemal should extend production growth in KRI beyond the KM250, with first gas targeted in H2 27e and contracted industrial demand already in place for the initial development.

The initial USD 160m gross development programme comprises a 3D seismic survey, three wells and an extended well-test facility targeting c.75 mmscf/d, followed by an early production facility that should increase capacity to 142 mmscf/d, with first commercial gas expected in H2 27e. Demand has already been substantially de-risked: Pearl signed seven 10-year GSAs in Jan-26 with six cement and steel producers in Bazian and Erbil covering up to 142 mmscf/d, while a new c.40km pipeline will connect the field with industrial customers.

The longer-term opportunity could be considerably larger than the first 142 mmscf/d phase. Pearl estimates indicate hydrocarbons initially in place of c.4.3 tscf of Cretaceous gas, a further c.21.5 Tscf in deeper Jurassic and Triassic formations and c.580 mmbbl of oil; these are in-place resource estimates, not recoverable reserves, and the ultimate development scale remains

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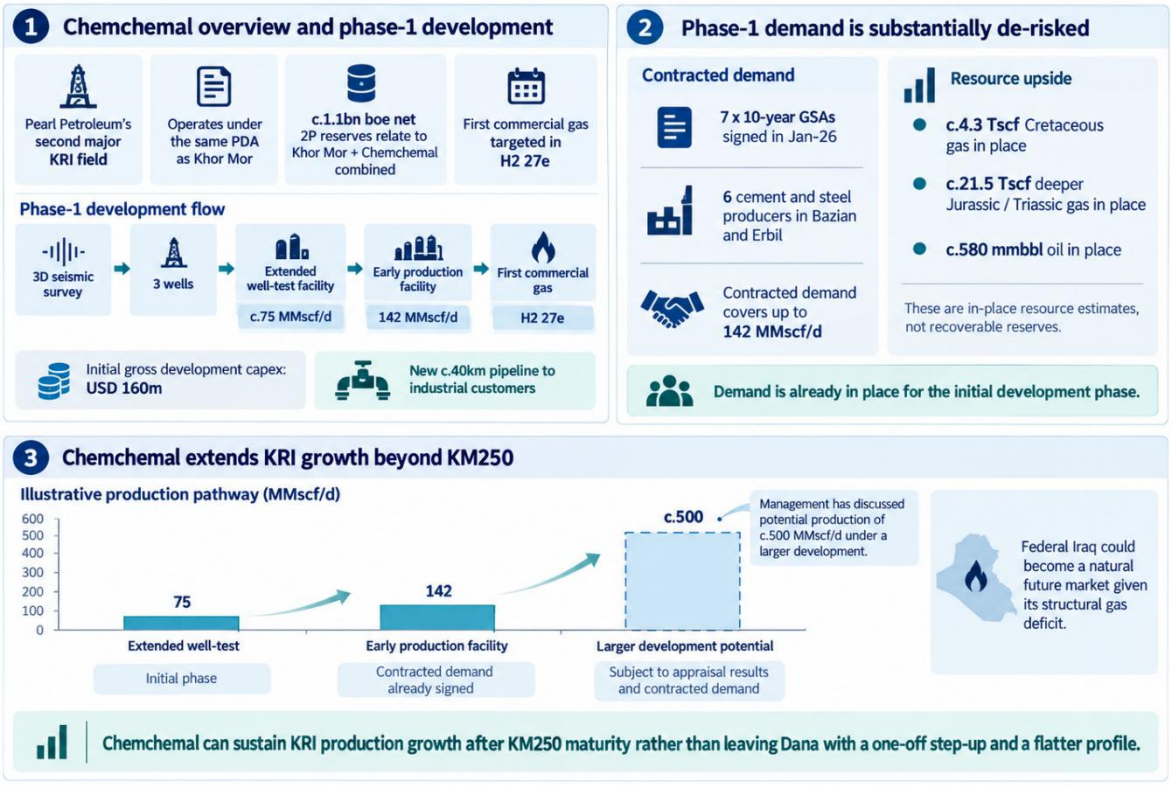
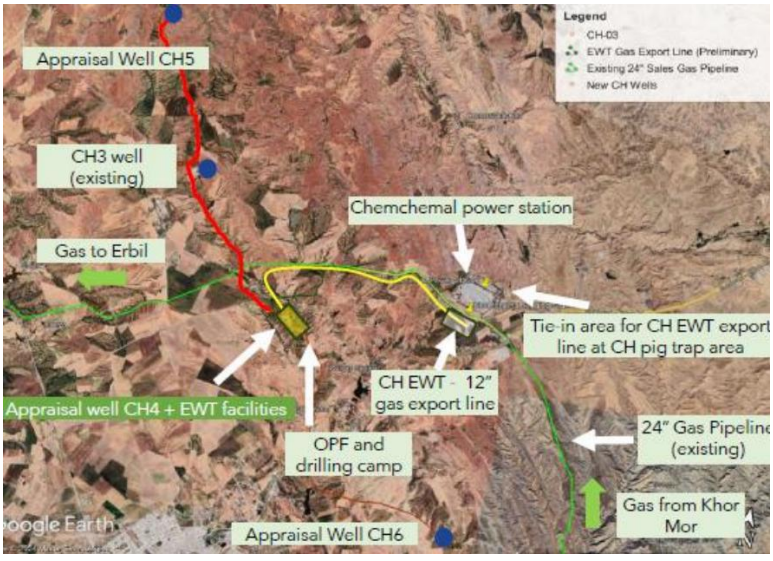
dependent on appraisal results. Management has discussed potential production of c.500 mmscf/d under a larger development, subject to drilling results and contracted demand, with Federal Iraq an obvious potential market given its structural gas deficit. This means Chemchemal can sustain production growth after KM250 reaches maturity rather than leaving Dana Gas with a one-off step-up followed by a flat KRI production profile.

Exhibit 9: Chemchemal could scale from 75 mmscf/d initially to c.500 mmscf/d over time



Source: Company data, Arqaam Capital Research

Exhibit 10: Chemchemal Phase I development layout: three appraisal wells and EWT facilities targeting 75 mmscf/d



Source: Company data, Arqaam Capital Research

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Chemchemal could add c.AED 0.35/share to our TP (23% upside), extending KRI growth beyond KM250

Chemchemal provides a meaningful second leg of KRI growth, with our upside case implying c.AED 0.35/share of incremental value. Unlike Khor Mor, Chemchemal currently has no processing capacity in place, requiring the build-out of new processing facilities before production can ramp in full. We model the field broadly in-line with Khor Mor's operating profile, gas-and-liquids production mix and low-cost onshore characteristics. On our assumptions, Chemchemal begins contributing in FY 28e at c.12k boepd (c.74 mmscf/d of gas). We then assume a rapid ramp-up as the initial facilities are utilised and additional wells come onstream, with production increasing at an c.6% CAGR over FY 29-33e to c.37k boepd. By FY 33e, this comprises c.141 mmscf/d of gas, c.7.8k bbl/d of condensate and c.473 t/d of LPG, broadly bringing the initial development close towards its planned c.142 mmscf/d gas capacity.

Exhibit 11: DCF valuation summary

USDm	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2049e
EBITDA			19	98	158	161	164	164	65
Change in Working Capital			2	(7)	(11)	(11)	(12)	(12)	-
CAPEX	10	40	20	15	15	15	15	15	15
Free Cash Flow to Firm	**(10)**	**(40)**	**1**	**76**	**132**	**135**	**138**	**138**	**50**

Equity Value	662
No of Shares	6,995
Value per share (USD/share)	**0.095**
Value per share (AED/share)	**0.35**

Source: Arqaam Capital Research

Full production could potentially double KRI revenues to USD 234m by FY 33e.

We assume cash operating costs of c.USD 3.4/boe throughout the forecast period, broadly mimicking Khor Mor's low-cost onshore operating model. This reflects Chemchemal's location within Pearl's existing KRI platform and its ability to leverage established operating expertise and infrastructure, although we remain more conservative on profitability during the development phase. We therefore apply a c.70% EBITDA margin, slightly below the margin generated by more mature Khor Mor operations, allowing for ramp-up inefficiencies.

The cash-flow profile is initially weighed down by development spending. Our model assumes c.USD 160m of CapEx (35% net to Dana) in FY 26-28e, before normalising to c.USD 15m annually thereafter. As a result, Chemchemal remains FCF-negative during the development period, before turning cash generative once first gas hits in from FY 28e, with FCF of c.USD 1m and rising to c.USD 138m by FY 33e. This highlights the operating leverage once the upfront infrastructure is in place: incremental production is monetised against a relatively low sustaining-capital and operating-cost base.

Our DCF values Chemchemal at USD 662m attributable to Dana Gas, equivalent to c.AED 0.35/share, forming a 23% upside to ur base case TP. We view Chemchemal as meaningful embedded optionality rather than part of the core case for now.

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Exhibit 12: The upside from Chemchemal production

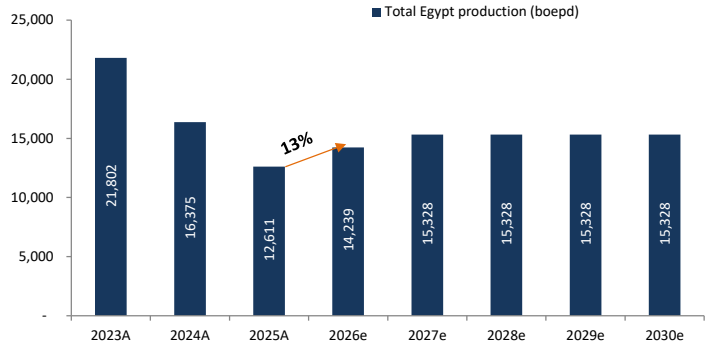
	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2049e
Production									
Gas (m mscf/d)			74	133	136	138	141	141	141
Condensate (bbl/d)				4,180	7,524	7,674	7,828	7,828	7,828
LPG (mt/d)				253	455	464	473	473	473
Revenues (USDm)									
Gas			38.0	68.4	71.9	73.3	74.8	74.8	74.8
Condensate			-	50.6	95.2	97.1	99.1	99.1	99.1
LPG			-	30.4	57.5	58.6	59.8	59.8	59.8
EBITDA			19	98	158	161	164	164	65
EBITDA Margin (%)			50%	66%	70%	70%	70%	70%	53%
Capex	**10.0**	**40.0**	**20.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**

Source: Arqaam Capital Research, Company Data

Egypt's USD 100m programme should stabilise production after years of decline

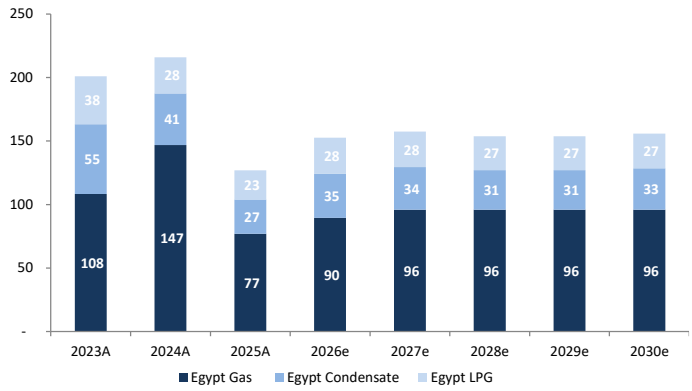
Production in Egypt declined by a cumulative 42% since FY 23A, but the USD 100m reinvestment programme should restore near-term production and provide a more stable contribution to group cash flow. The two-year self-funded programme targets 11 wells and c.80 bcf of incremental gas recovery following the 2024 Consolidated Concession Agreement. The company drilled four wells in FY 25A resulting in the addition of c.30 mmscf/d of incremental production and c.36 bcf of reserves, with drilling continuing through FY 26e. We forecast Egypt production to recover 13% y/y to 14.2k boepd in FY 26e and reach c.15.3k boepd in FY 27e. Given the mature nature of the asset base, we do not assume the near-term recovery translates into structural growth and instead forecast production to remain broadly flat at c.15.3k boepd over FY 27-29e as new drilling offsets underlying decline.

Exhibit 13: Egypt production to recover 13% y/y to 14.2k boepd in FY 26e thanks to USD 100m programme



Source: Company data, Arqaam Capital Research

Exhibit 14: We expect flat volumes in Egypt beyond FY 27e



Source: Company data, Arqaam Capital Research

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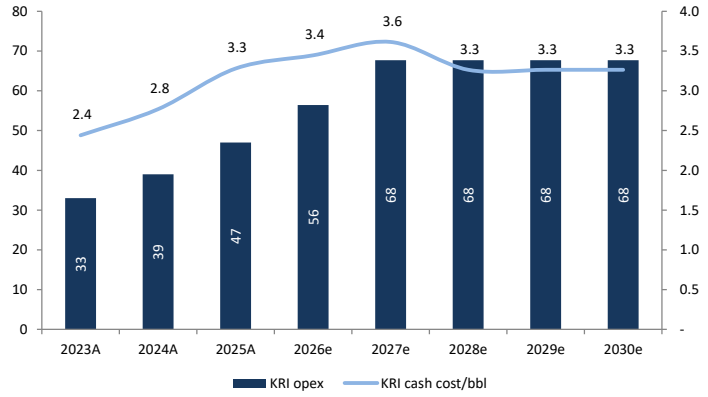
A 1.1bn boe reserve base at a cash cost of c.USD 3.4/boe underpin a c.77% EBITDA margin

Dana Gas enjoys sizable reserves which is large relative to production. The company has been increasing its capacity to monetize such reserves. Khor Mor and Chemchemal hold 3.1bn boe of gross 2P reserves, c.1.1bn boe net to Dana Gas, and Khor Mor alone has produced more than 500m boe over 17 years of continuous operation. Even at the post-KM250 run-rate of c.72k boepd, the net reserve base provides substantial long term production visibility, and annual output is only c.2% of reserves, against a reserve life of c.10 years typical of the E&P peer group. Growth at Dana Gas therefore does not depend on exploration success or reserve replacement: each increment of processing capacity and new offtake contract converts an already-booked resource into cash flow, which is evident in KM250 and designed to happen in Chemchemal.

The company enjoys a structurally low-cost onshore production model at a combined OpEx and G&A of c.USD 4/boe in FY 25A. We forecast KRI cash costs to increase 5% y/y to c.USD 3.4/boe in FY 26e as KM250 ramps up and the larger processing footprint carries higher operating costs. However, this remains structurally low relative to realised pricing and should be more than offset by higher production, stronger realised prices and improved fixed-cost absorption as KM250 utilisation increases.

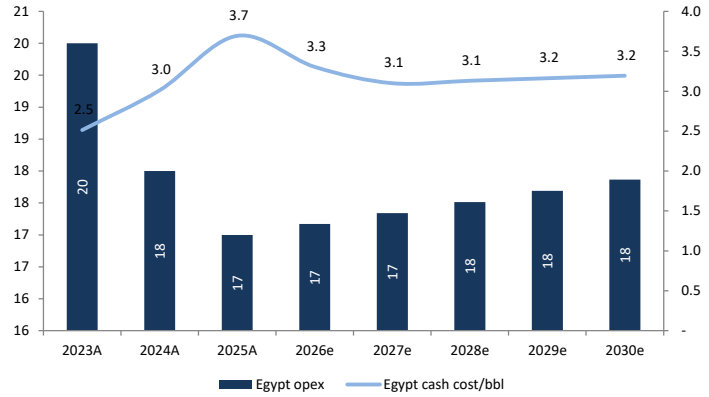
We forecast EBITDA to reach c.USD 285m in FY 26e, +29% y/y with margins improving to c.77% (+2 ppts) and expect the margin to remain around this level over FY 27-29e as higher KRI volumes improve absorption of a largely fixed processing and infrastructure cost base.

Exhibit 15: KRI OpEx to stabilise at c.USD 68m annually from FY 27e, keeping cash cost at c.USD 3.4/boe (USD m)



Source: Company data, Arqaam Capital Research

Exhibit 16: Egypt OpEx should be broadly flat at USD 17-18m annually in FY 26-30e



Source: Company data, Arqaam Capital Research

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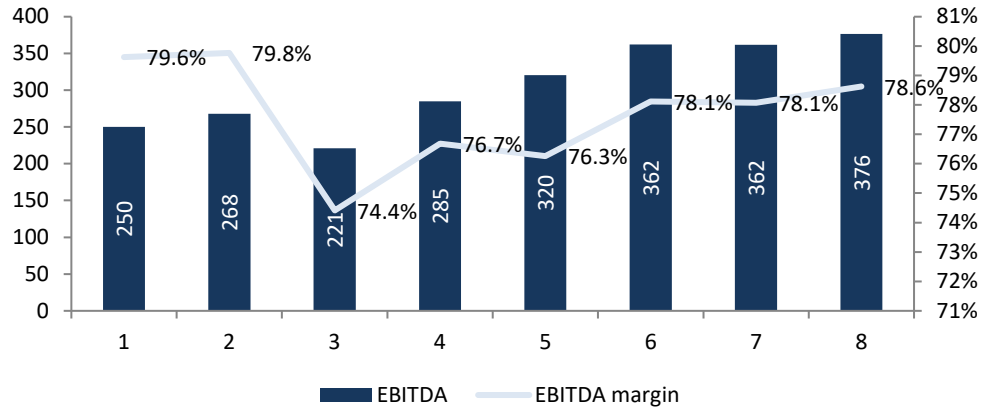
Exhibit 17: EBITDA to rise 29% y/y to USD 285m in FY 26e, with margin improving 2.3 ppts to 77%



Source: Company data, Arqaam Capital Research

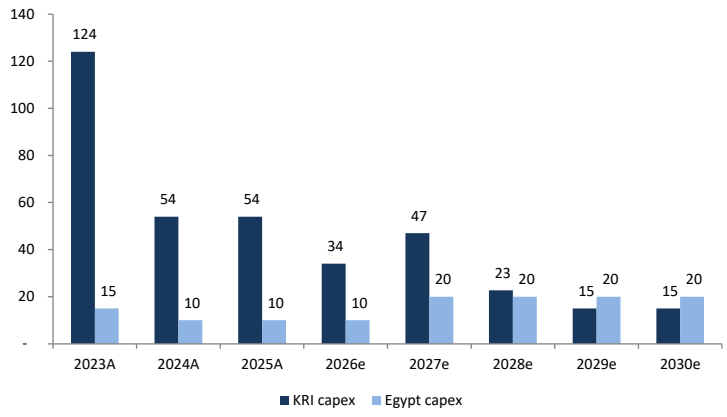
Lower development intensity should drive FCF yield towards c.17%

With KM250 development largely behind Dana Gas, FY 27-29e should increasingly capture the cash-flow benefit of the expanded KRI production base, particularly as Chemchemal spending begins to fade. We forecast FCF to rise 53% y/y to USD 184m in FY 26e and reach USD 322m by FY 29e, with FCF yield averaging c.17% over FY 27-29e vs. c.7.5% in FY 25A. Importantly, KM250 has already been completed, leaving Chemchemal and the Egypt programme as the principal near-term development requirements.

CapEx should rise temporarily from USD 44m in FY 26e to USD 67m in FY 27e, reflecting Dana Gas' 35% share of the USD 160m initial Chemchemal development together with ongoing Egypt spending. We then forecast CapEx declining to USD 43m in FY 28e and USD 35m in FY 29e as Chemchemal spending winds down and KRI capital requirements normalise. This should mark a shift from capacity build-out towards stronger cash conversion, with a greater share of earnings growth translating into FCF rather than being reinvested into major development projects.

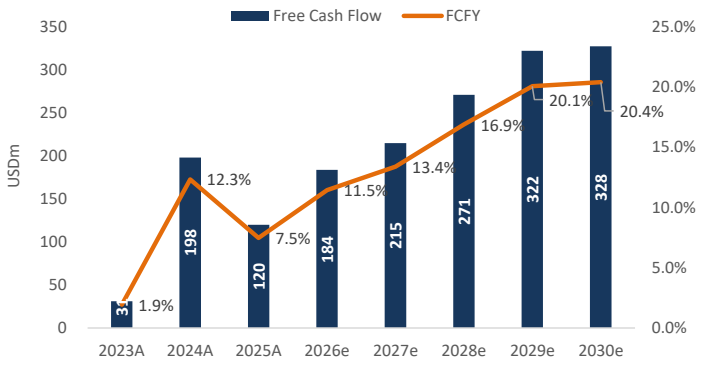
In our base case, we assume Pearl is collecting its receivable from KRG on a timely manner.

Exhibit 18: Total CapEx peaks at USD 67m in FY 27e before falling to USD 35m by FY 29e as KRI spending normalises



Source: Company data, Arqaam Capital Research

Exhibit 19: FCF yield to reach 17% over FY 27-29e (vs. 7.5% in FY 25A), against a c.9% dividend yield



Source: Company data, Arqaam Capital Research

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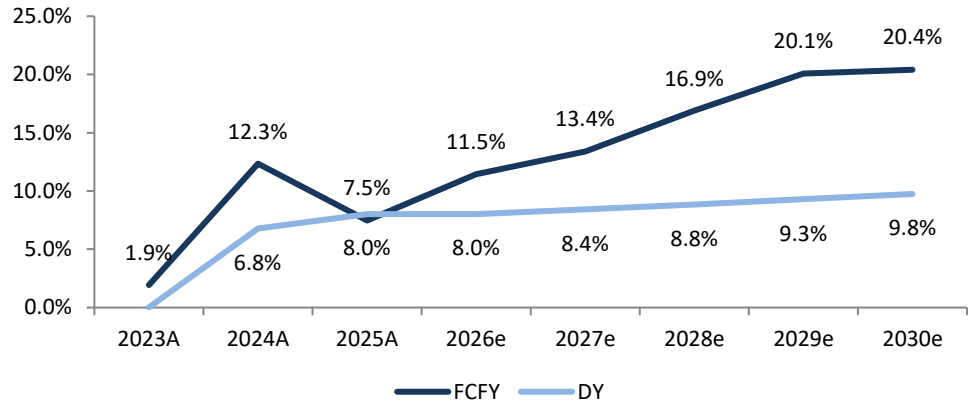
FCF expansion should underpin sustainable shareholder distributions, at 9% DY in FY 26-29e

FCF growth should provide stronger coverage for shareholder distributions. Dana Gas paid 6.5 fils/share for FY 25A, equivalent to USD 124m and 18% higher y/y, implying a 8% dividend yield. We pencil in 5% growth in DPS annually over FY 27-30e, reaching c.USD 151m by FY 30e and a c.10% dividend yield. Near-term payout capacity, however, remains dependent on KRG collections throughout the remainder of the year. Dana received USD 61m of dividends from Pearl in H1 26, equivalent to c.USD 122m on an annualised basis.

We forecast FCF of more than USD 269m annually over FY 27-29e, with FCF yield averaging c.17%, providing comfortable coverage of our dividend assumptions after development CapEx. As KM250-led earnings growth translates into stronger cash generation and development spending moderates, we expect Dana to retain sufficient flexibility to fund future KRI investment while maintaining shareholder distributions. In our base case, we assume Pearl is collecting its receivable from KRG on a timely manner.

Exhibit 20: Rising FCF yield provides increasing headroom over the c.9% dividend yield



Source: Arqaam Capital Research, Company Data

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Valuation

Maintain Buy on KM250-led cash flow growth; DCF yields a TP of AED 1.15/share (42% upside) at c.8% DY in FY 26e

We value Dana Gas using a DCF based on FCFF, capturing the cash generation from its KRI and Egypt assets over their remaining reserve lives. We assume no terminal value, with our KRI forecasts extending through FY 49e, by which point we expect the current Khor Mor reserve base to be largely depleted. Our valuation reflects the gradual ramp-up of KM250, higher KRI gas monetisation, including sales to the Iraqi federal government, and the recovery in Egypt production following the USD 100m drilling programme.

We maintain our Buy recommendation with a DCF-based TP of AED 1.15/share, implying 42% upside. We discount FCFF at 15% WACC, incorporating 8% country risk premium to reflect Dana Gas' significant exposure to the KRI and associated geopolitical, security and payment risks. Our positive view is supported by the step-up in cash generation following KM250, with 12% FY 26e FCFY and a c.8% dividend yield, while further upside could come from faster KRI production ramp-up, additional gas monetisation and progress on Dana Gas' UAE arbitration claims.

Exhibit 21: DCF valuation summary

USDm	2026	2027	2028	2029	2030	2049
EBIT	212	247	289	289	303	30
Tax Paid	(24)	(23)	(28)	(13)	(14)	0
NOPAT	**187**	**224**	**261**	**275**	**289**	**30**
Depreciation	71	73	73	73	73	73
Adjusted COPAT	**259**	**297**	**334**	**348**	**363**	**103**
Change in Working Capital	(67)	17	(19)	9	(0)	-
CAPEX	(44)	(67)	(43)	(35)	(35)	(15)
Free Cash Flow to Firm	**146**	**246**	**271**	**322**	**328**	**88**

PVOP	1,758
PVTV	-
Enterprise Value	**1,758**
Cash and Equivalents (Q2 26a)	230
Debt (Q2 26a)	291
Investments (Q2 26a)	22
Chemchemal reserves	118
Awards from the NIOC Case	61
Equity Value	1,898
No of Shares	6,995
Fair Value (USD/share)	**0.271**
12M Target Price (USD/share)	**0.312**
12M Target Price (AED/share)	**1.15**

Source: Arqaam Capital Research

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Peer Analysis

Dana Gas trades at a blended discount of 29% to peers in FY 26-27e, which leaves room for re-rating as KM250 cash flows become more visible.

We believe a structural discount to peers is warranted given Dana Gas' concentrated KRI exposure, security risks and uncertainty around government payments. However, the current valuation appears to offer limited credit for the stronger cash-generation profile following KM250, with the name offering a 13% FCFY in FY 27e (3 ppts higher than peers), alongside an 8% DY (+4 ppts vs. peers). In our view, sustained KM250 utilisation, stronger cash conversion and timely KRI collections could help narrow the valuation gap, although KRI-related risks are likely to keep Dana trading at a discount to the broader peer group.

Exhibit 22: Multiples valuation

Company name	Country	Mkt Cap	P/E (x)		EV/EBITDA (x)		EBITDA margin	ROE (%)	EBITDA CAGR	DY (%)	FCFY (%)
		USD m	FY 26e	FY 27e	FY 26e	FY 27e	FY 27e	FY 27e	FY 26-28e	FY 27e	FY 27e
Saudi Arabian Oil Co	SAUDI ARABIA	1,654,921	13.3	13.9	6.7	6.7	55%	25.3%	-1%	5.9%	5.8%
ExxonMobil Holdings Corp	UNITED STATES	656,067	22.7	13.3	7.2	7.7	24%	15.5%	-5%	2.7%	7.7%
Chevron Corp	UNITED STATES	402,405	28.6	12.6	6.2	7.0	31%	12.9%	-10%	3.7%	9.4%
Shell PLC	BRITAIN	265,832	14.7	8.5	4.1	4.6	22%	13.0%	-8%	3.4%	12.3%
BP PLC	BRITAIN	111,578	14.7	6.7	3.3	4.0	19%	14.6%	-12%	5.0%	10.6%
TotalEnergies SE	FRANCE	203,187	12.7	8.1	4.6	5.0	22%	14.6%	-6%	4.7%	12.5%
ConocoPhillips	UNITED STATES	153,207	20.5	12.1	5.2	5.6	47%	16.4%	-4%	2.7%	7.9%
Occidental Petroleum Corp	UNITED STATES	57,229	27.3	8.9	4.4	5.2	60%	7.7%	-6%	1.9%	10.4%
Adnoc Gas PLC	UAE	68,330	13.3	17.5	10.1	7.9	40%	19.2%	20%	5.6%	0.4%
Gulf Keystone Petroleum Ltd	BRITAIN	554	n/a	9.2	4.7	2.3	65%	23.1%	46%	7.8%	27.5%
Energean PLC	BRITAIN	1,855	10.9	5.6	4.2	3.6	71%	83.8%	6%	6.7%	13.6%
Average		**337,768**	**19.1**	**10.7**	**5.7**	**5.5**	**41%**	**23.1%**	**43%**	**4.3%**	**10.8%**
Median		**169,268**	**16.5**	**10.5**	**5.5**	**5.3**	**40%**	**16.4%**	**-4.5%**	**4.4%**	**11.4%**
Dana Gas	**UAE**	**1,544**	**7.4**	**7.7**	**4.8**	**5.0**	**76%**	**7.7%**	**5%**	**8.4%**	**13.4%**
Discount/premium			**-61%**	**-28%**	**-15%**	**-9%**	**35%**	**-15%**	**-39%**	**4%**	**3%**

Source: Bloomberg, Arqaam Capital Research

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Upside/downside risks

KRI production. We assume KRI production of 53.3k boepd in FY 26-30e in our base case, reflecting a gradual KM250 ramp-up and normalisation in operating capacity. Upside could arise from a faster ramp-up, stronger KM250 utilisation and smoother execution of incremental gas sales, while further security incidents, operational disruptions or temporary shutdowns represent the key downside risks. Our sensitivity analysis shows that a ±10% change in KRI production would affect EPS by ±20% and TP by c.±20%.

Exhibit 23: Every ±10% change in KRI production shift EPS by ±20% & TP by ±20%

	KRI production (boepd)	Impact on EPS	TP (AED)
Upper Case (Base case +10%)	58,803	20%	1.40
Base Case	**53,301**	**0%**	**1.15**
Lower Case (Base case -10%)	47,811	-20%	0.92

Source: Arqaam Capital Research

Egypt production. We assume Egypt production of 15.1k boepd in FY 26-30e in our base case, supported by the USD 100m drilling and reinvestment programme aimed at reversing recent production declines. Upside could arise from stronger well performance and a faster-than-expected production recovery, while natural field decline, weaker drilling results or an inability to sustain the initial recovery represent the key downside risks. Our sensitivity analysis shows that a ±10% change in Egypt production would affect EPS by ±3% and TP by c.±0.5%.

Exhibit 24: Every ±10% change in Egypt production shift EPS by ±3% & TP by ±0.5%.

	Egypt production (boepd)	Impact on EPS	TP (AED)
Upper Case (Base case +10%)	16,665	3%	1.16
Base Case	**15,110**	**0%**	**1.15**
Lower Case (Base case -10%)	13,603	-3%	1.15

Source: Arqaam Capital Research

Brent / KRI gas pricing. We assume Brent of USD 70/bbl and a KRI gas price of USD 3.6/MMBtu in FY 26-30e in our base case. KRI gas prices are linked to Brent, with every USD 10/bbl increase or decrease in Brent translating into roughly a 10% change in realised KRI gas pricing. Higher oil prices therefore provide upside through stronger realised gas prices, while weaker Brent would pressure KRI revenues and earnings. Our sensitivity analysis shows that Brent at USD 80/bbl or USD 60/bbl would affect EPS by ±10% and TP by c.±8%.

Exhibit 25: Every ± USD 10/bbl change in Brent shifts EPS by ±10% & TP by ±8%.

	Brent (USD/bbl)	KRI gas price (USD/mmBtu)	Impact on EPS	TP (AED)
Upper Case (Base case +USD 10/bbl)	80	3.9	10%	1.25
Base Case	**70**	**3.6**	**0%**	**1.15**
Lower Case (Base case - USD 10/bbl)	60	3.2	-10%	1.06

Source: Arqaam Capital Research

KRI condensate pricing. We assume KRI condensate prices remain at a c.53% discount to Brent over FY 26–30e, implying a realised price of USD 32.7/bbl at our base-case Brent assumption of USD 70/bbl. A potential normalisation in condensate pricing offers upside to our forecasts, with

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a narrowing of the discount by 10ppt/20ppt to 43/33% lifting realised prices to USD 39.7/46.6/bbl and EPS by c.6/13%, respectively. This would raise our TP by 4/10% to AED 1.20/1.26. Management estimates that a return to pre-2023 condensate pricing levels could generate up to USD 50m in additional annual revenue for Dana Gas. However, we conservatively assume the prevailing pricing mechanism remains unchanged until a resolution is reached, treating any improvement as upside to our base case.

Exhibit 26: Every 10/20ppt narrowing in the KRI condensate discount to Brent lifts EPS by 6/13% and TP by 4/10%.

	Discount to Brent	KRI condensate price (USD/bbl)	Impact on EPS	TP (AED)
Upper Case (Base case 20% discount)	33%	46.6	13%	1.26
Upper Case (Base case 10% discount)	43%	39.7	6%	1.20
Base Case	**53%**	**32.74**	**0%**	**1.15**

Source: Arqaam Capital Research

Egypt gas pricing. We assume an Egypt gas price of USD 3.5/MMBtu in FY 26-30e in our base case, reflecting the improved commercial and fiscal terms introduced under the consolidated concession agreement. Upside could arise from further pricing incentives or improved contractual terms aimed at encouraging upstream investment, while any renegotiation or deterioration in the current fiscal framework represents the key downside risk. Our sensitivity analysis shows that a ±5% change in Egypt gas prices would affect EPS by ±1% and TP by c.±0.3%.

Exhibit 27: Every ±5% change in Egypt gas price shift EPS by ±1% & TP by ±0.3%

	Egypt gas price (USD/mmBtu)	Impact on EPS	TP (AED)
Upper Case (Base case +5%)	3.7	1%	1.16
Base Case	**3.5**	**0%**	**1.15**
Lower Case (Base case -5%)	3.3	-1%	1.15

Source: Arqaam Capital Research

Operating costs. We assume group OpEx of USD 3.3/boe in our base case. Upside could arise from stronger operating leverage as KM250 utilisation increases, better cost absorption and lower-than-expected costs across Egypt and the KRI. Conversely, higher KM250 operating and maintenance requirements, additional Chemchemal development spending or higher costs across Egypt's mature asset base could pressure profitability and cash generation. Our sensitivity analysis shows that a ±10% change in OpEx would affect EPS by ∓4% and TP by c.∓3%.

Exhibit 28: Every ±10% change in opEx shift EPS by ∓4% & TP by ∓3%

	Opex (USD/bbl)	Impact on EPS	TP (AED)
Upper Case (Base case +10%)	3.7	-4%	1.12
Base Case	**3.3**	**0%**	**1.15**
Lower Case (Base case -10%)	3.0	4%	1.18

Source: Arqaam Capital Research

NIOC arbitration. Our base case assumes Dana Gas ultimately collects 10% of the USD 608m first NIOC arbitration award, equivalent to c.USD 61m, reflecting uncertainty around the timing and enforceability of recovery. Higher collections represent meaningful upside, while prolonged enforcement proceedings or difficulty monetising attached assets remain the main downside

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risks. Our sensitivity analysis shows that recovery of 30%, 50% and 100% of the award would increase our TP by 6%, 13% and 28%, respectively.

Exhibit 29: Every +30/50/100% recovery in NIOC case shift TP by +6%, 13% & 28%

	NIOC case proceeds collected	TP (AED)
Upper Case (100% collected)	608	1.48
Upper Case (50% collected)	304	1.30
Upper Case (30% collected)	182	1.23
Base case (10% collected)	**61**	**1.15**

Source: Arqaam Capital Research

Chemchemal could add a second leg of KRI growth beyond KM250, provides upside to valuation, as we do not incorporate it in our operating forecasts. We currently exclude Chemchemal production from our earnings and cash-flow forecasts and capture its potential separately in our valuation. With first gas targeted for H2 27, progress on development, greater visibility on recoverable resources or stronger-than-expected well productivity could provide meaningful upside to our current valuation. Successful development would add a further leg of KRI production growth beyond KM250, support higher utilisation of Dana Gas' expanded processing infrastructure and provide incremental revenues, EBITDA and FCF not currently reflected in our operating forecasts. Further de-risking of the field could also increase the longer-term value attributed to Dana Gas' KRI resource base.

A faster KM250 ramp-up would bring forward earnings and cash-flow upside. Our forecasts assume a gradual recovery in utilisation following periods of reduced operating capacity, with the full benefit of the 250 mmscf/d expansion only becoming visible towards end-26/early-27. A quicker normalisation in operating availability and stronger demand absorption would therefore drive KRI gas volumes ahead of our estimates, while the largely fixed nature of the processing infrastructure should provide positive operating leverage. This would translate into higher EBITDA margins, stronger FCF and potentially greater capacity for shareholder distributions.

Renewed security disruptions remain the key operational downside risk. Dana Gas' KRI production is concentrated at Khor Mor, leaving earnings and cash generation exposed to any further attacks or deterioration in the regional security environment. Extended shutdowns or recurring periods of reduced operating capacity could delay the KM250 ramp-up, lower gas and liquids production and weaken the earnings recovery embedded in our forecasts. The impact could be particularly material given KRI remains Dana's core earnings and cash-flow contributor.

The KRG disagreement over federal Iraqi gas sales creates both volume and receivables risk. Dana's agreement to supply 100 mmscf/d gross to the Iraqi Ministry of Electricity provides an important additional route to monetise KM250 capacity, but the KRG's challenge to the arrangement raises broader political and commercial risk. Any escalation in tensions between Dana Gas and the KRG could affect not only the continuation of federal gas sales, but also the timing of collections on receivables owed by the KRG across Dana's existing KRI operations. This could weaken cash conversion, increase working-capital pressure and constrain one of the key channels available to monetise Dana's expanded KRI production capacity.

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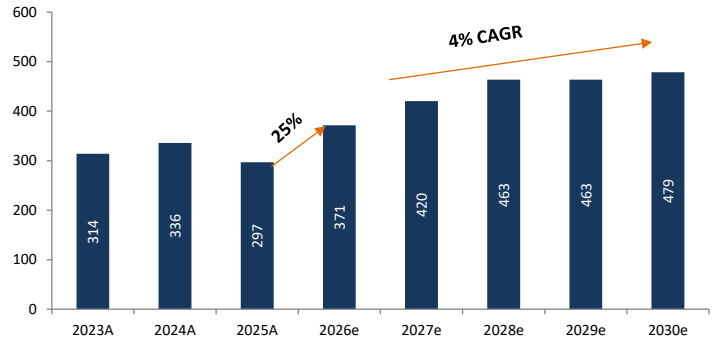
Key Operating Assumptions

Despite disruptions, we forecast 25% revenue growth in FY 26e, on gradual KM250 ramp-up, new federal Iraqi gas sales, Egypt production recovery and stronger realised pricing

We forecast sales to increase 25% y/y to USD 371m in FY 26e, driven by i) a gradual KM250 ramp-up, with group production increasing 14% y/y to 59.1k boepd, despite periods of reduced operating capacity amid regional security risks, pushing the full benefit of the expansion towards end-26/early-27. The ramp-up is supported by the commencement of gas supplies to the Iraqi Ministry of Electricity, with 100 mmscf/d gross from Khor Mor contracted for an initial one-year period, providing an additional route to monetise KM250 capacity; ii) a 13% y/y recovery in Egypt production to 14.2k boepd, supported by Dana's USD 100m reinvestment programme, and iii) stronger realised pricing, with the implied group sales price increasing 12% y/y to USD 17.2/boe supported by higher Brent, which we assume at USD 80/bbl in FY 26e vs. USD 68/bbl in FY 25A. Noting that for every USD 10/bbl increase in Brent, KRI gas prices increase by 10%.

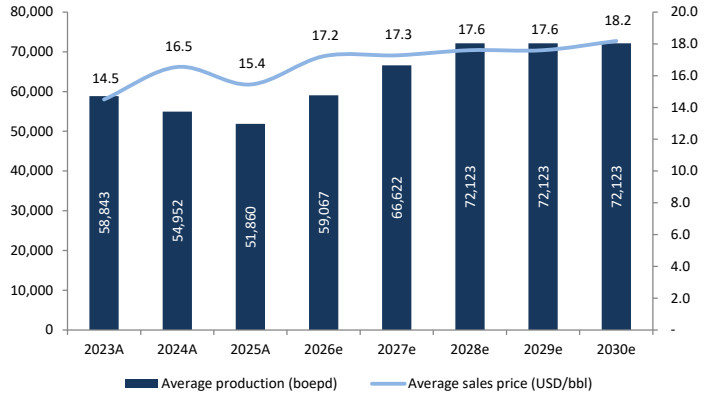
All estimates exclude USD 48m one-off gas metering adjustment for the period Nov-18 to Mar-24.

Exhibit 30: Revenues should grow 25% y/y in FY 26e thanks to KM250 and at a 4% CAGR by FY 30e



Source: Company data, Arqaam Capital Research

Exhibit 31: We expect 14% higher production y/y in FY 26e, with realised prices up 12% to USD 17.2/boe



Source: Company data, Arqaam Capital Research

Kurdistan Region of Iraq (KRI)

We forecast KRI production to rise 14% y/y to 44.8k boepd in FY 26e, on a gradual pick up in utilization rate at KM250 in H2 26e following H1 security-related disruptions. We assume a gradual KM250 ramp-up in FY 26e rather than an immediate move to full capacity. KM250 increased gross Khor Mor processing capacity by 50% to 750 mmscf/d, adding 250 mmscf/d, which was commissioned in Oct-25. While production exceeded 700 mmscf/d in Jan-26, regional security-related disruptions subsequently resulted in intermittent suspensions and reduced operating capacity, with H1 26 KRI production averaging only 39.6k boepd, down 2% y/y. Against this backdrop, we forecast full-year KRI production at 44.8k boepd, +14% y/y, implying a stronger utilization in H2 26e. This should be sourced from i) 18% higher gas volumes y/y at 208 mmscf/d, ii) 8% increase in condensate volumes to 5.7k bbl/d, and iii) 3% higher LPG volumes of 380 tonnes/day.

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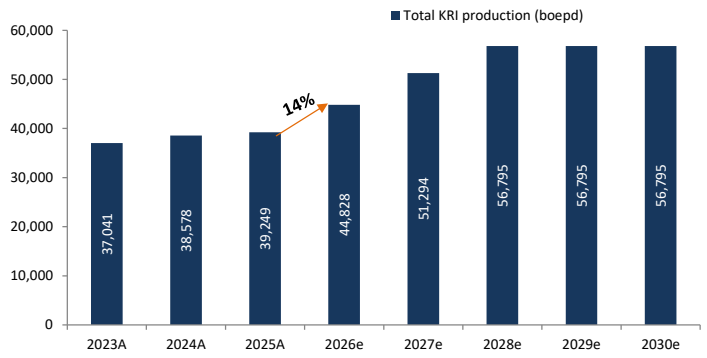
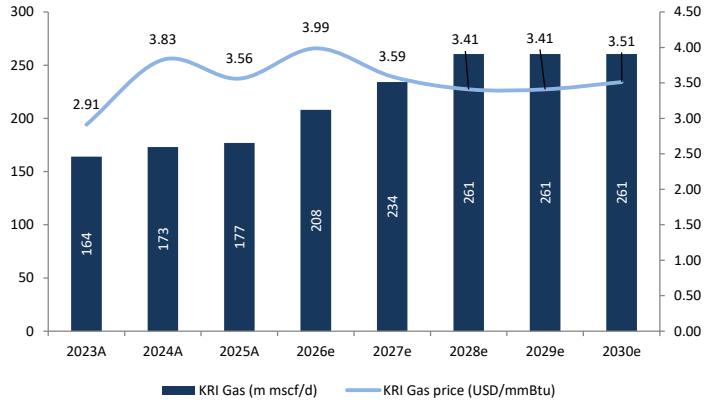
Exhibit 32: KRI production should grow 14% y/y to 44.8k boepd in FY 26e on a gradual KM250 ramp-up



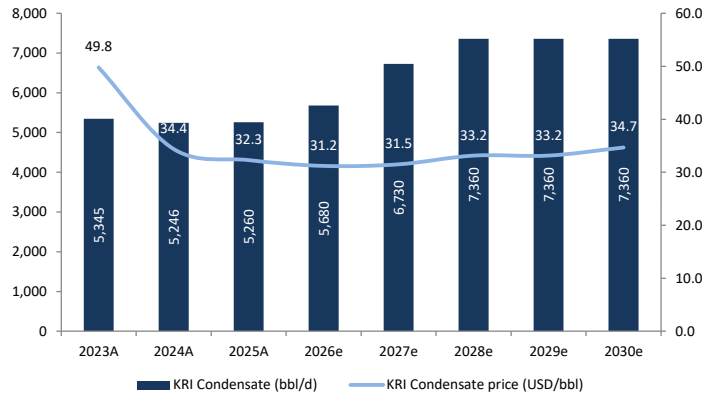
Source: Company data, Arqaam Capital Research

Exhibit 33: We pencil in 18% increase in KRI gas volumes in FY 26e, with realised prices up 12% to USD 4.0/mmBtu



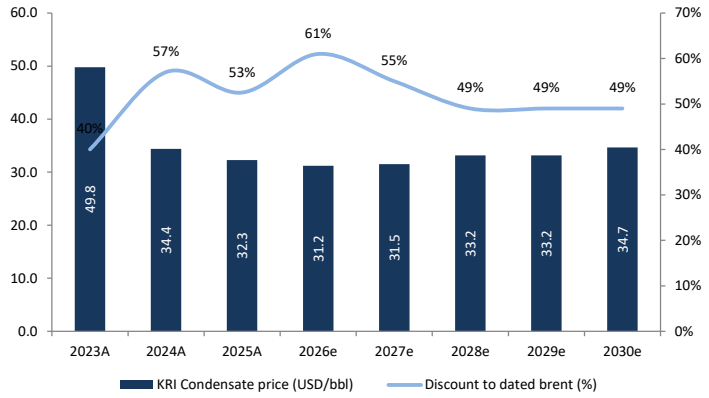
Source: Company data, Arqaam Capital Research

Exhibit 34: KRI condensate output to increase 8% y/y to 5.7k bbl/d in FY 26e, at broadly flat prices of USD 31.2/bbl



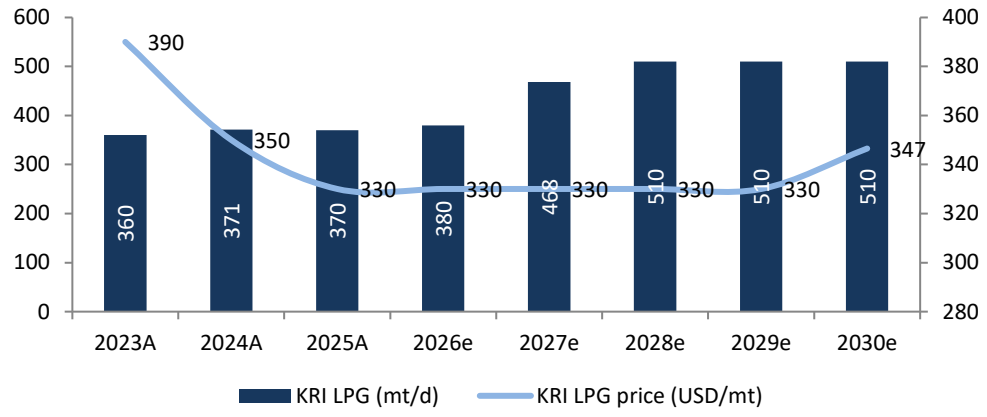
Source: Company data, Arqaam Capital Research

Exhibit 35: KRI condensate discount to Brent to widen 9 ppts to 61% in FY 26e on limited KRI exports & weak lifting



Source: Company data, Arqaam Capital Research

Exhibit 36: KRI LPG production should rise 3% y/y to 380 mt/d in FY 26e, at a flat USD 330/mt price assumption



Source: Company data, Arqaam Capital Research

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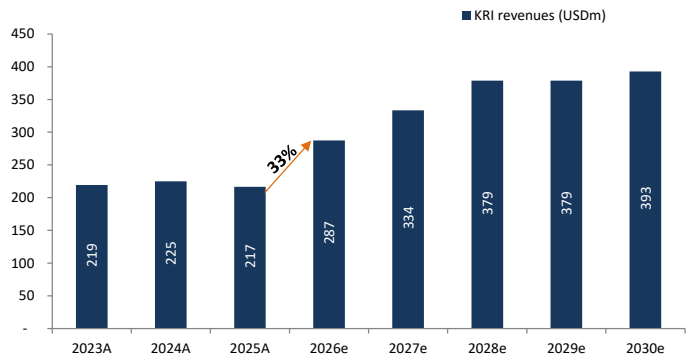
New federal Iraqi gas sales of 100 mmscf/d should provide Dana with c.USD 6-7m/month at full run-rate, supporting KM250 monetisation and diversifying customer exposure. The new Federal Iraqi customer should help monetise incremental capacity from KM250. Dana Gas and Crescent commenced supplying gross gas production of 100 mmscf/d to the Kirkuk Taza power station for an initial one-year term, with the gas sourced from excess capacity created by KM250 and supplied in addition to c.655 mmscf/d currently delivered to the KRG. The agreement should generate c.USD 18-20m of monthly gross revenue at Pearl, equivalent to c.USD 6-7m attributable to Dana Gas at its 35% stake, although FY 26e captures only a partial-year contribution. The agreement also diversifies the customer base beyond the KRG, although the KRG has challenged the arrangement; Pearl maintains that the Gas Sales Agreement being within its contractual marketing rights and does not require additional KRG approval.

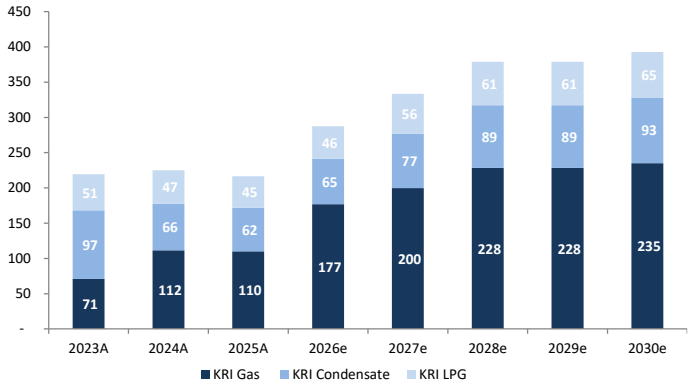
We forecast KRI revenues to rise 33% y/y at USD 287m in FY 26e, driven by 18% higher gas volumes as KM250 gradually ramps coupled with higher oil prices. We forecast KRI revenues to increase 33% y/y to USD 287m in FY 26e, driven by i) gas revenues increasing 61% to USD 177m, supported by 18% higher gas volumes and a 12% increase in realised gas prices to USD 4/mmBtu which is linked to the 18% increase in Brent prices, ii) condensate revenues growing 4% to USD 65m, on 8% higher volumes, while realised prices remain broadly flat at USD 31.2/bbl, as limited KRI exportability and weak local lifting widen the discount to Brent to 61% from 53% y/y, and iii) LPG revenues increasing 3% to USD 46m, broadly tracking the increase in volumes at a flat USD 330/tonne price estimate.

Exhibit 37: We expect KRI revenues to grow 33% y/y in FY 26e on 18% higher gas volumes thanks to KM250 ramp up



Source: Company data, Arqaam Capital Research

Exhibit 38: KM250 ramp-up drives KRI revenue growth, with gas remaining the key contributor



Source: Company data, Arqaam Capital Research

Egypt

Egypt's USD 100m programme should support a near-term production recovery, although we do not assume it fully reverses the historical levels. We forecast production from Egypt to increase 13% y/y to 14.2k boepd in FY 26e, supported by the USD 100m, 2-year investment programme launched following the 2024 Consolidated Concession Agreement. The programme targets 11 wells and c.80 bcf of incremental gas recovery and is intended to be self-funded. Four wells drilled in FY 25A added c.30 mmscf/d (5k boepd) of incremental production and c.36 bcf of reserves; drilling continued through H1 26A, including a well with estimated gas resources of 10 bcf vs. 3 bcf initially expected, with another four wells planned before end-26.

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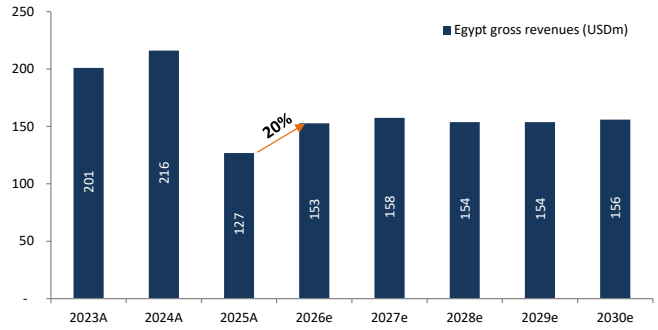
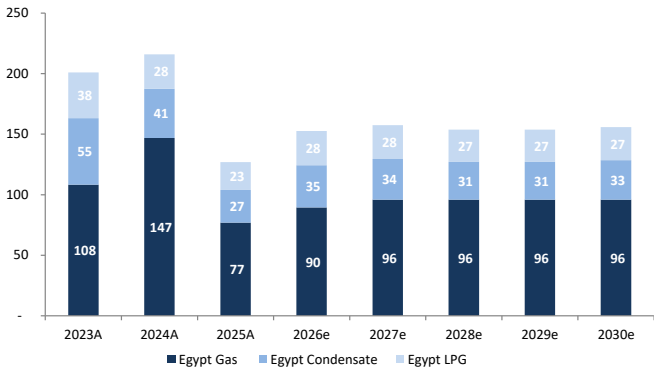
On our numbers, we expect gross revenues from Egypt should increase 20% y/y to USD 153m in FY 26e driven by i) gas production increasing 13% to 70 mmscf/d, ii) condensate rising 10% to 1.26k bbl/d, and iii) LPG increasing 10% to 110 tons/day. We expect 11% higher net revenues to USD 84m in FY 26e, compared to 20% increase in gross revenues, reflecting our assumption of higher royalties of 45% from 40%, following a high print of 46% in H1 26A.

Exhibit 39: Egypt gross revenues should recover 20% y/y in FY 26e thanks to USD 100m programme



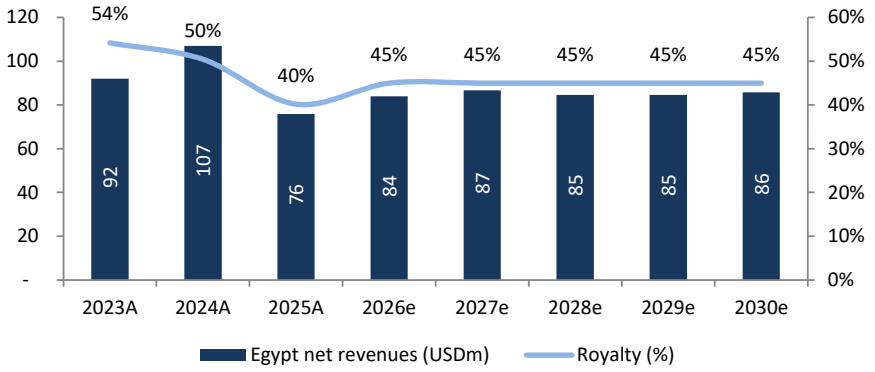
Source: Company data, Arqaam Capital Research

Exhibit 40: We expect flat volumes in Egypt beyond FY 27e



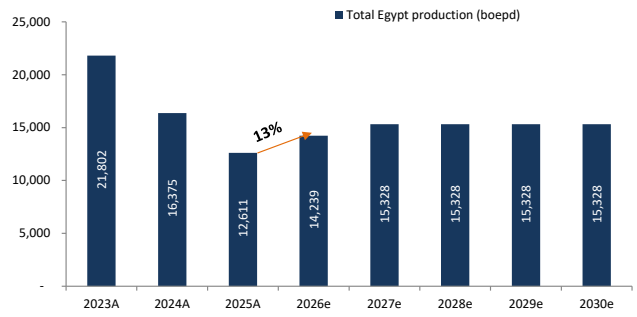
Source: Company data, Arqaam Capital Research

Exhibit 41: Egypt net revenues should rise 11% y/y to USD 84m in FY 26e, as royalties step up to 45% from 40%



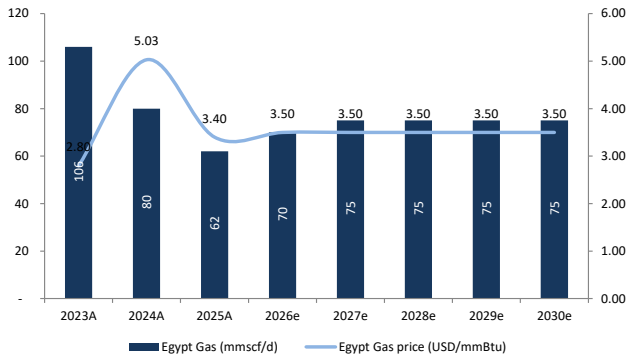
Source: Company data, Arqaam Capital Research

Exhibit 42: Egypt production should recover 13% y/y to 14.2k boepd in FY 26e thanks to USD 100m programme



Source: Company data, Arqaam Capital Research

Exhibit 43: We expect Egypt gas volumes to increase 13% y/y in FY 26e, at USD 3.5/mmBtu



Source: Company data, Arqaam Capital Research

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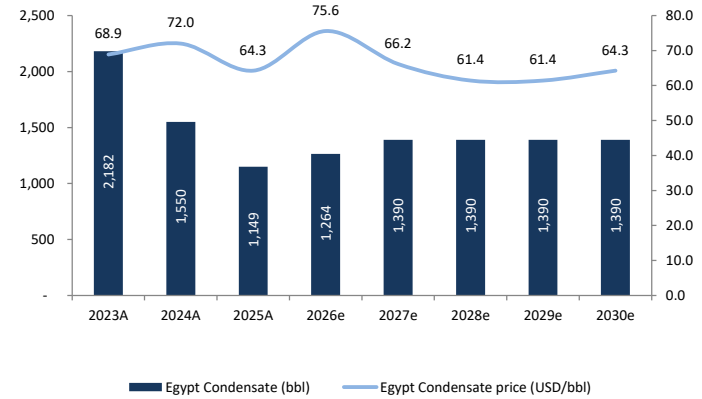
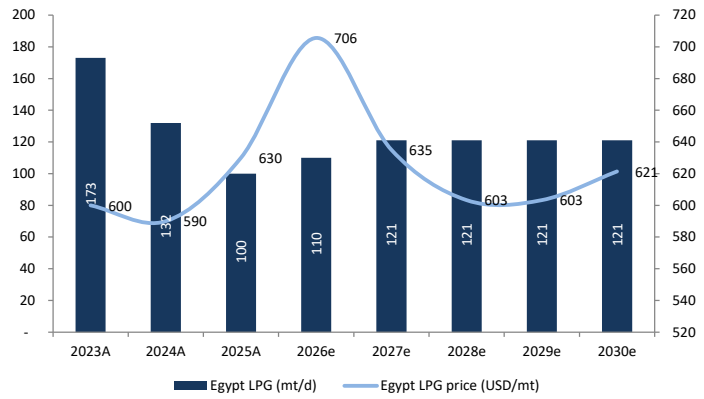
Exhibit 44: Egypt condensate volumes should rise 10% y/y to 1,264 bbl/d in FY 26e, at USD 75.6/bbl realised pricing



Source: Company data, Arqaam Capital Research

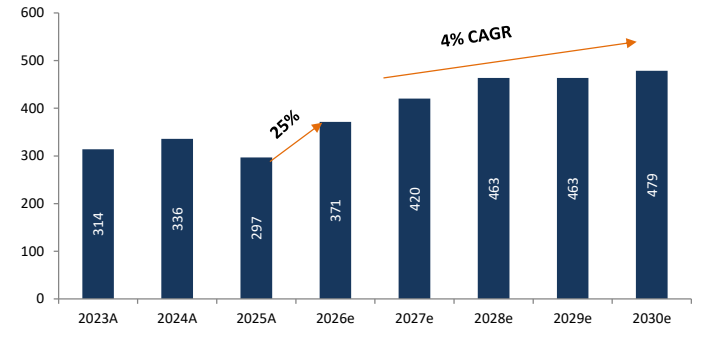
Exhibit 45: Egypt LPG output to grow 10% y/y in FY 26e, at an elevated price of c.USD 705/t on 18% higher Brent



Source: Company data, Arqaam Capital Research

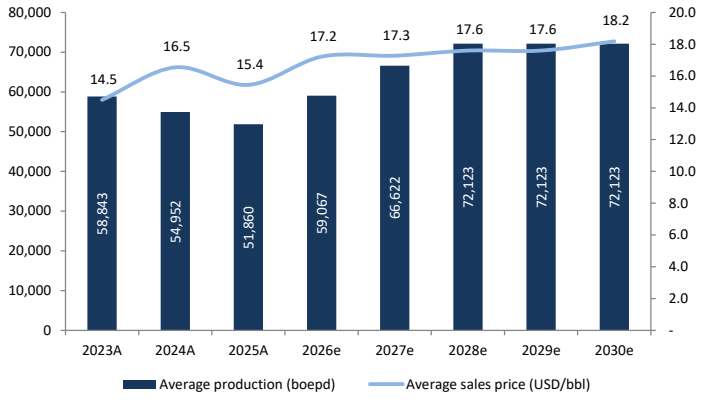
Beyond FY 26e, we forecast 5% revenue CAGR over FY 27-29e, driven by higher KRI volumes, partly offset by natural decline in Egypt. This reflects a 5% CAGR in KRI production, driven by c.6% growth in gas volumes, c.5% in condensate and c.4% in LPG as KM250 utilisation ramps up and incremental capacity is increasingly monetised, with the federal Iraq agreement supporting volumes through FY 27 and providing an additional route to market. In Egypt, we assume the USD 100m programme is sufficient to broadly offset underlying field decline, keeping production stable at c.15.3k boepd over FY 27-29e. Group production consequently reaches c.72.1k boepd by FY 28e, 22% above FY 26e levels, before flattening as KM250 reaches scale.

Exhibit 46: Revenue growth moderates to c.4% CAGR over FY 27-30e as KM250 reaches scale



Source: Company data, Arqaam Capital Research

Exhibit 47: Group production to reach c.72k boepd by FY 28e, with realised prices broadly stable over FY 27-29e



Source: Company data, Arqaam Capital Research

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Exhibit 48: Operational summary

	2020A	2021	2022A	2023A	2024A	2025A	2026e	2027e	2028e	2029e	2030e
Group											
Average production (boepd)	62,555	62,099	60,212	58,843	54,952	51,860	59,067	66,622	72,123	72,123	72,123
Average sales price (USD/bbl)	10.2	13.9	17.0	14.5	16.5	15.4	19.4	17.3	17.6	17.6	18.2
Total net revenue (USD m)	232	315	373	312	332	292	419	420	463	463	479
Operating expense (USD/bbl)	1.1	2.6	2.6	2.5	2.8	3.4	3.4	3.5	3.2	3.2	3.2
KRI production											
KRI Gas (m mscf/d)	138	145	148	164	173	177	208	234	261	261	261
KRI Condensate (bbl/d)	5,175	5,371	5,100	5,345	5,246	5,260	5,680	6,730	7,360	7,360	7,360
KRI LPG (mt/d)	350	367	375	360	371	370	380	468	510	510	510
Total KRI production (boepd)	**32,252**	**33,802**	**34,295**	**37,041**	**38,578**	**39,249**	**44,828**	**51,294**	**56,795**	**56,795**	**56,795**
KRI prices											
KRI Gas price (USD/mmBtu)	**2.80**	**2.91**	**2.93**	**2.91**	**3.83**	**3.56**	**3.99**	**3.59**	**3.41**	**3.41**	**3.51**
KRI Condensate price (USD/bbl)	**26.7**	**48.6**	**80.6**	**49.8**	**34.4**	**32.3**	**31.2**	**31.5**	**33.2**	**33.2**	**34.7**
Discount to dated brent (%)	38%	35%	21%	40%	57%	53%	61%	55%	49%	49%	49%
Dated brent (USD/bbl)	43	75	102	83	80	68	80	70	65	65	68
KRI LPG price (USD/mt)	**270**	**330**	**390**	**390**	**350**	**330**	**330**	**330**	**330**	**330**	**347**
KRI revenues (USDm)											
KRI Gas	38	48	52	71	112	110	177	200	228	228	235
KRI Condensate	50	95	150	97	66	62	65	77	89	89	93
KRI LPG	34	44	53	51	47	45	46	56	61	61	65
KRI revenues (USDm)	**122**	**187**	**255**	**219**	**225**	**217**	**335**	**334**	**379**	**379**	**393**
Egypt production											
Egypt Gas (mmscf/d)	143	132	125	106	80	62	70	75	75	75	75
Egypt Condensate (bbl)	3,980	4,099	2,757	2,182	1,550	1,149	1,264	1,390	1,390	1,390	1,390
Egypt LPG (mt/d)	211	189	206	173	132	100	110	121	121	121	121
Total Egypt production (boepd)	**30,303**	**28,296**	**25,917**	**21,802**	**16,375**	**12,611**	**14,239**	**15,328**	**15,328**	**15,328**	**15,328**
Egypt prices											
Egypt Gas price (USD/mmBtu)	**2.73**	**2.75**	**2.80**	**2.80**	**5.03**	**3.40**	**3.50**	**3.50**	**3.50**	**3.50**	**3.50**
Egypt Condensate price (USD/bbl)	**55.2**	**68.3**	**96.9**	**68.9**	**72.0**	**64.3**	**75.6**	**66.2**	**61.4**	**61.4**	**64.3**
Discount to dated brent (%)	2%	9%	5%	17%	10%	6%	6%	6%	6%	6%	6%
Dated brent (USD/bbl)	56	75	102	83	80	68	80	70	65	65	68
Egypt LPG price (USD/mt)	**328**	**392**	**600**	**600**	**590**	**630**	**706**	**635**	**603**	**603**	**621**
Egypt revenues (USDm)											
Egypt Gas	143	132	128	108	147	77	90	96	96	96	96
Egypt Condensate	80	102	98	55	41	27	35	34	31	31	33
Egypt LPG	25	27	45	38	28	23	28	28	27	27	27
Egypt gross revenues (USDm)	**248**	**261**	**270**	**201**	**216**	**127**	**153**	**158**	**154**	**154**	**156**
Royalty	138	134	152	109	109	51	69	71	69	69	70
Royalty (%)	56%	51%	56%	54%	50%	40%	45%	45%	45%	45%	45%
Egypt net revenues (USDm)	**110**	**128**	**118**	**92**	**107**	**76**	**84**	**87**	**85**	**85**	**86**
Capex											
KRI capex	30	88	100	124	54	54	34	47	23	15	15
Egypt capex	-	36	18	15	10	10	10	20	20	20	20

Source: Arqaam Capital Research, Company Data

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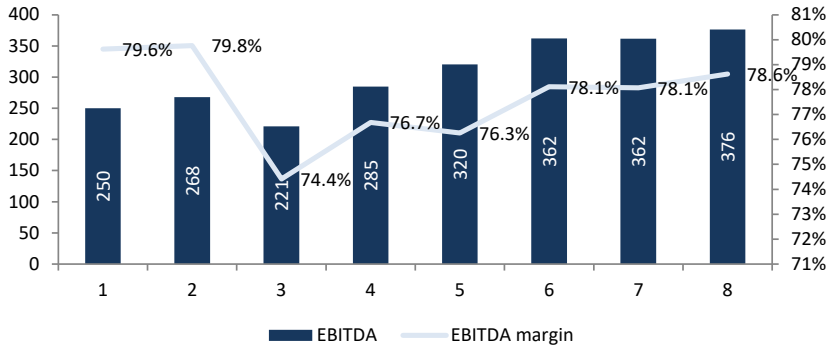
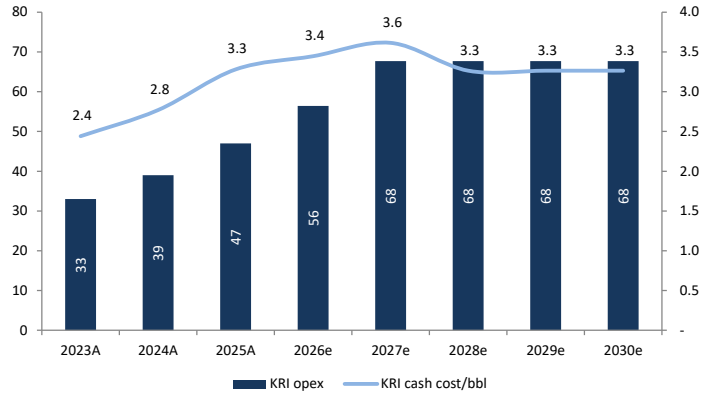
We expect EBITDA margin to improve to 77% in FY 26-29e (+2 ppts vs. FY 25A), as KM250-led volume growth should be lucrative. We forecast EBITDA to increase 29% y/y to USD 285m in FY 26e, despite 5% higher KRI cash cost at USD 3.4/boe and higher SG&A associated with KM250's larger processing footprint. Beyond FY 26e, EBITDA should grow at a 6% CAGR over FY 27-29e, supported by 5% KRI production CAGR and operating leverage as KRI OpEx stabilises at c.USD 68m annually, keeping average KRI cash cost at c.USD 3.4/boe and supporting an average EBITDA margin of c.77%.

Exhibit 49: EBITDA is expected to rise 29% y/y to USD 285m in FY 26e, with margin improving 2.3 ppts to 77%



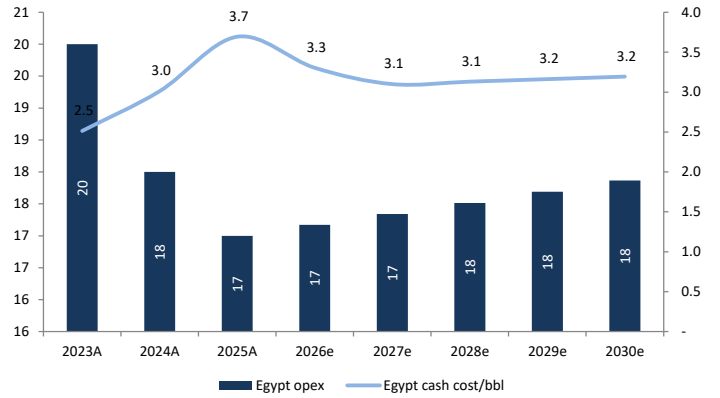
Source: Company data, Arqaam Capital Research

Exhibit 50: KRI OpEx to stabilise at c.USD 68m annually from FY 27e, keeping cash cost at c.USD 3.4/boe (USD m)



Source: Company data, Arqaam Capital Research

Exhibit 51: Egypt OpEx should be broadly flat at USD 17-18m annually in FY 26-30e



Source: Company data, Arqaam Capital Research

We forecast net income to grow 29% y/y in FY 26e and at a 14% CAGR over FY 27-29e, as KM250 volume growth and operating leverage translate into stronger returns. Net income should reach USD 167m in FY 26e (+29% y/y), supported by 14% y/y stronger KRI volumes and 2 ppts EBITDA margin expansion. Beyond FY 26e, we forecast net income to grow at a 14% CAGR over FY 27-29e to USD 260m, supported by higher KRI production and improving cost absorption as KM250 reaches scale. This should translate into a gradual improvement in returns, with ROE rising to 9% by FY 29e (+4 ppts vs. FY 25A), and ROIC increasing to 11% (+5 ppts vs. FY 25A), as the business shifts from the KM250 investment phase towards harvesting returns from the expanded capacity.

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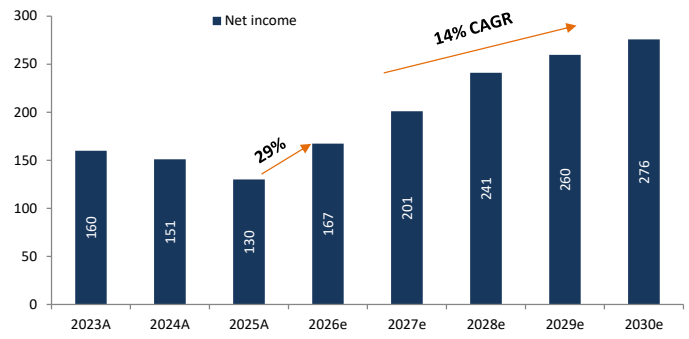
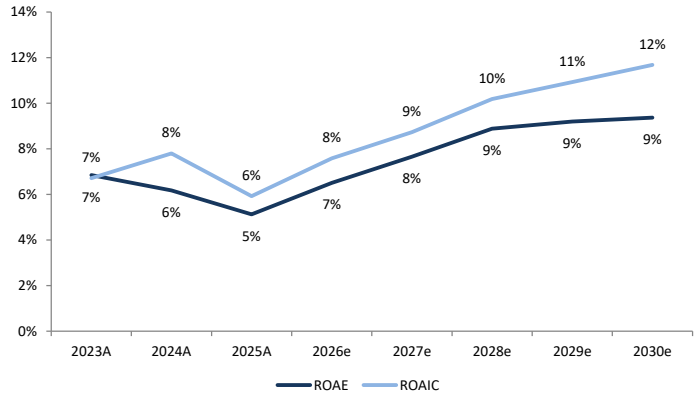
Exhibit 52: Net income should grow 29% y/y to USD 167m in FY 26e and at a 14% CAGR over FY 27-29e



Source: Company data, Arqaam Capital Research

Exhibit 53: ROE is seen rising to 9% & ROIC to 11% by FY 29e, as investment gives way to returns.

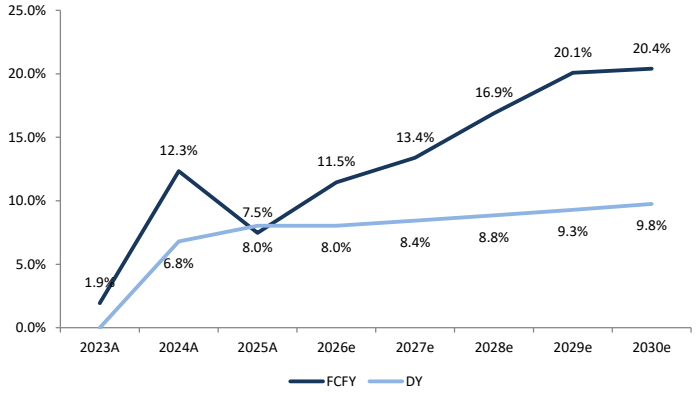


Source: Company data, Arqaam Capital Research

FCF should accelerate as KM250 CapEx rolls off, despite modest working-capital requirements during the ramp-up. We forecast FCF to increase 53% y/y to USD 184m in FY 26e, before growing at a further 22% CAGR over FY 27-29e to USD 322m, lifting FCFY to 17% in FY 27-29e (vs. 7.5% in FY 25A). CapEx should increase from USD 44m in FY 26e to USD 67m in FY 27e, partly reflecting Dana's 35% share of the USD 160m Chemchemal development programme, with spending phased from Q4 26 through Q2 28. Egypt CapEx also doubles to USD 20m in FY 27e as the reinvestment programme continues. Total CapEx then declines to USD 43m in FY 28e and USD 35m in FY 29e as Chemchemal spending winds down and KRI CapEx normalises to USD 15m, while Egypt CapEx remains at c.USD 20m annually. Working capital remains a modest near-term drag, largely as receivables increase alongside revenue growth. The combination of rising earnings and sharply lower CapEx should therefore drive materially stronger cash conversion once KM250 is fully ramped.

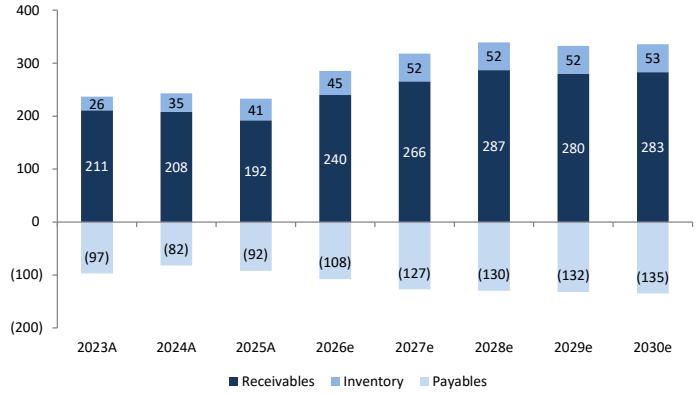
Stronger cash conversion should support growing shareholder distributions, with Dana Gas having announced dividends of 6.5 fils/share in FY 25A, yielding 8%. We pencil in 5% growth in DPS per annum over FY 27-30e, implying a dividend yield of 9%.

Exhibit 54: FCF yield is expected to reach 17% over FY 27-29e (vs. 7% in FY 25A), against a c.9% dividend yield



Source: Company data, Arqaam Capital Research

Exhibit 55: WC a modest drag, with receivables rising to USD 266m by FY 27e alongside revenue growth



Source: Company data, Arqaam Capital Research

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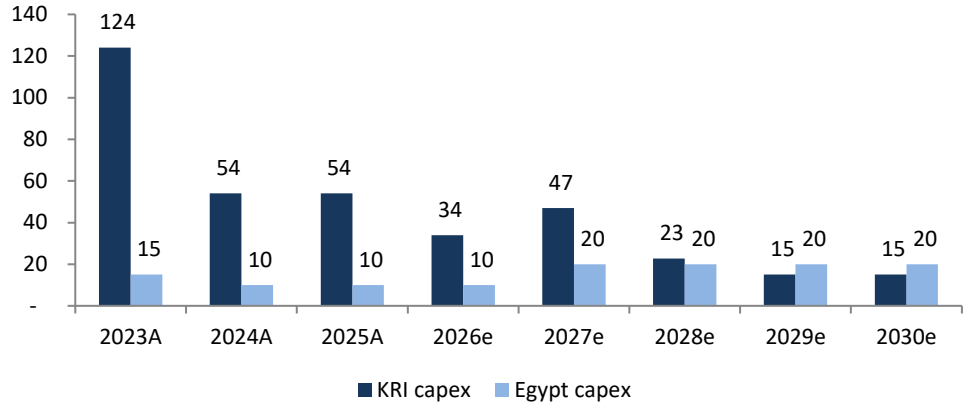
Exhibit 56: Total CapEx peaks at USD 67m in FY 27e before falling to USD 35m by FY 29e as KRI spending normalises



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More on Dana Gas

The ME's largest private-sector gas producer, supplying c.85% of KRI power generation, with 1.1bn boe of net 2P reserves

Dana Gas is the Middle East's largest regional private-sector natural gas company, established and listed on the ADX in Dec-05. Headquartered in Sharjah, it produces and supplies gas, condensate and LPG across the KRI and Egypt, serving critical domestic energy markets. Its gas supports c.85% of electricity generation in the KRI and has displaced higher-cost diesel in the regional power system since FY 08, generating material fuel-cost and emissions savings.

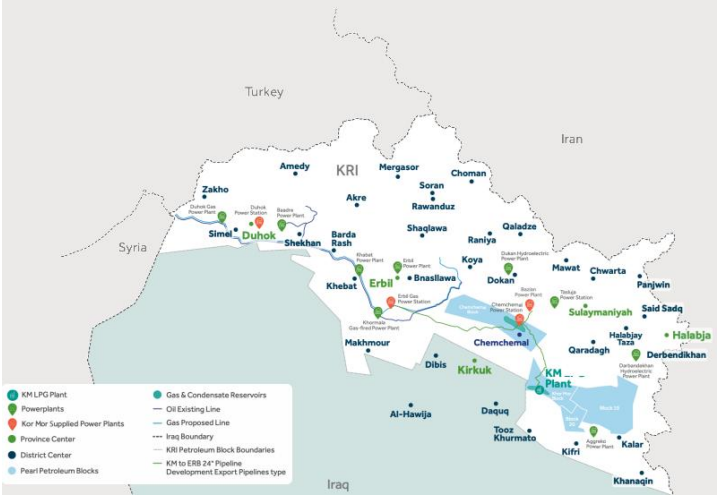
The company operates an upstream and midstream portfolio across the KRI, Egypt and the UAE. The KRI contains Dana Gas' largest reserve base and key growth projects, while its mature Egyptian assets provide production and cash flow diversification. The company retained its Egyptian portfolio after terminating the proposed asset sale in Apr-21, while its UAE midstream infrastructure remains linked to a material arbitration recovery opportunity.

Exhibit 57: Dana Gas operates in KRI, Egypt and the UAE, with KRI holding the largest upside



Source: Company data, Arqaam Capital Research

Exhibit 58: KRI gas infrastructure map: Khor Mor supplies 4 of the 5 major power stations (over 2,000 MW)



Source: Company data, Arqaam Capital Research

The company sits on a substantial resource base, underpinned by the KRI's giant, multi-TCF Khor Mor and Chemchemal fields, which hold 3.1bn boe of combined gross 2P reserves (c.1.1bn boe net to Dana Gas). This provides significant scope for organic growth as additional processing capacity comes onstream. The company also benefits from a structurally low-cost asset base, ranking as a top-quartile operator with combined opex and G&A of just USD 4.0/boe.

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Exhibit 59: Dana Gas operating footprint

Metric	Value
Net production	53.5 kboepd
2P reserves (net to Dana Gas)	1,110 mmboe
Average daily gas production	239 mmscf
Average daily condensate production	6,405 bbl
Average daily LPG production	472 MTPD
Operating geographies	KRI, Egypt, UAE

Source: Arqaam Capital Research, Company Data as of FY 25

Exhibit 60: KRI reserves and initial gas-in-place (Khor Mor & Chemchemal)

Field	Status	Gas (2P / GIIP)	Liquids
Khor Mor	Producing	Multi-TCF, low-cost	Condensate & LPG
Chemchemal	In development	4.3tr scf Cretaceous; 21.5tr scf Jur./Tri.	580bn bbl oil
Combined 2P (gross)	-	3.1bn boe (1.1bn boe net to DG)	-

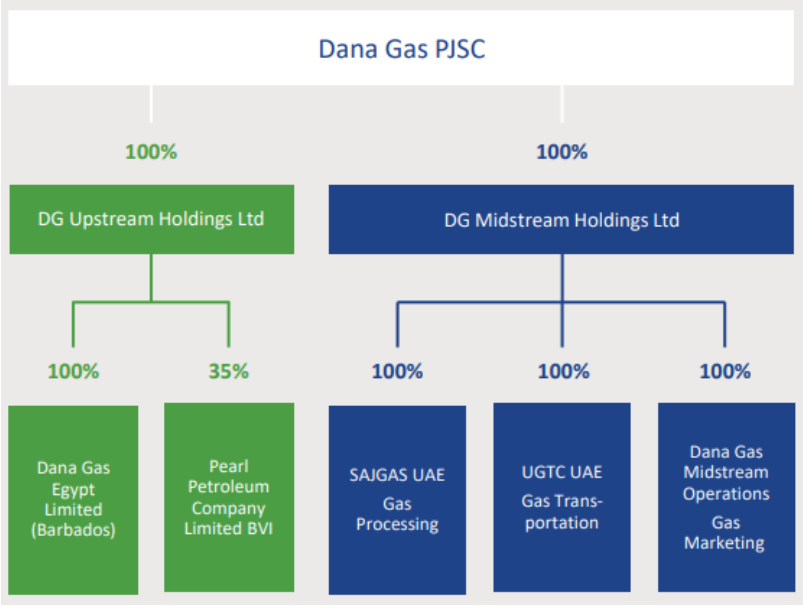
Source: Company Data, Arqaam Capital Research, Note: Cretaceous, Jurassic and Triassic refer to geological formations of different ages; GIIP (Gas initially in place) represents total gas in place, not recoverable reserves.

Group Structure

Dana Gas PJSC operates through two principal holding arms;

- **DG Upstream Holdings Ltd** houses
  - i) Dana Gas Egypt Limited (Barbados, 100%), and
  - ii) the company's 35% interest in Pearl Petroleum Company Limited (BVI), the vehicle through which Dana Gas participates in the KRI.
- **DG Midstream Holdings Ltd** wholly owns i) the UAE midstream assets (SAJGAS - gas processing & UGTC - gas transportation) and ii) Dana Gas Midstream Operations (gas marketing), which together comprise the infrastructure built for the UAE Gas Project.

Exhibit 61: Dana Gas group structure: upstream (Egypt and 35% of Pearl Petroleum) and UAE midstream holding arms



Source: Company data, Arqaam Capital Research

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Pearl Petroleum: the five-shareholder venture (Dana Gas 35%) holding 100% of the Khor Mor and Chemchemal PDA and supplying 4 of the 5 major KRI power stations

Pearl Petroleum, formed in 2009 by Crescent Petroleum and Dana Gas, is a five-shareholder partnership that includes four listed entities across Europe and the Middle East. Dana Gas and Crescent Petroleum each holds 35%, with OMV of Austria, MOL of Hungary and RWE of Germany each holding 10%. Pearl holds a 100% working interest in the Petroleum Development Agreement (PDA) covering the Khor Mor and Chemchemal fields and exploration Blocks 19 and 20, and is the KRI's leading non-associated gas producer, central to regional energy security and domestic supply, supplying 4 of 5 major power stations (>2,000 MW capacity).

Exhibit 62: Pearl Petroleum shareholding

Shareholder	Stake	Description
Dana Gas	35%	UAE-listed operator; co-founder of Pearl
Crescent Petroleum	35%	Privately held UAE E&P company (since 1971)
OMV	10%	Integrated Austrian oil & gas company
MOL	10%	Integrated Hungarian oil & gas company
RWE	10%	German power generation group

Source: Arqaam Capital Research, Company Data

Under the PDA, Pearl was granted exclusive rights to appraise, develop, process, market and sell petroleum from the Khor Mor and Chemchemal blocks. Following the August 2017 settlement with the Kurdistan Regional Government (KRG), Pearl's remuneration fee was increased and the duration of the agreement was extended to 2049, the Khor Mor block area was expanded, and Pearl was granted the additional exploratory Blocks 19 and 20. Total investment in the KRI to date exceeds USD 5bn, and the project is estimated to have created approximately 20,000 jobs.

Portfolio Segments

A) Kurdistan Region of Iraq (KRI) - Core Growth Asset

The KRI is Dana Gas's core market, operated through its 35%-owned Pearl Petroleum venture. Pearl operates two giant gas fields i) Khor Mor (producing) and ii) Chemchemal (in development) - which together hold 3.1bn boe in combined 2P gross reserves, of which 1.1bn boe is net to Dana Gas. Khor Mor is one of the lowest-cost gas fields globally, and more than 500m boe has been produced to date across 17 years of continuous operations. Pearl is KRI's main non-associated gas producer, supplying 4 of the 5 major power stations (over 2,000 MW of capacity) and covering roughly 85% of the region's electricity generation.

Dana Gas maintains a strong strategic position in the KRI. The migration to gas from diesel has delivered substantial fuel-cost savings for the KRG, and gas is delivered under a 20-year take-or-pay Gas Sales Agreement (GSA). Under the PDA, the Pearl consortium supplies the first 305 mmscfd of gas to the KRG free of charge for domestic power production, and can sell gas above that threshold - together with condensate and LPG liquids - to local or export markets. In FY 21, the company received a USD 250m loan from the U.S. International Development Finance Corporation (DFC) to fund the KM250 project, and raised a USD 350m bond in Nov-24 to support growth.

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KM250 Expansion - 50% increase in Khor Mor capacity to 750 mmscf/d

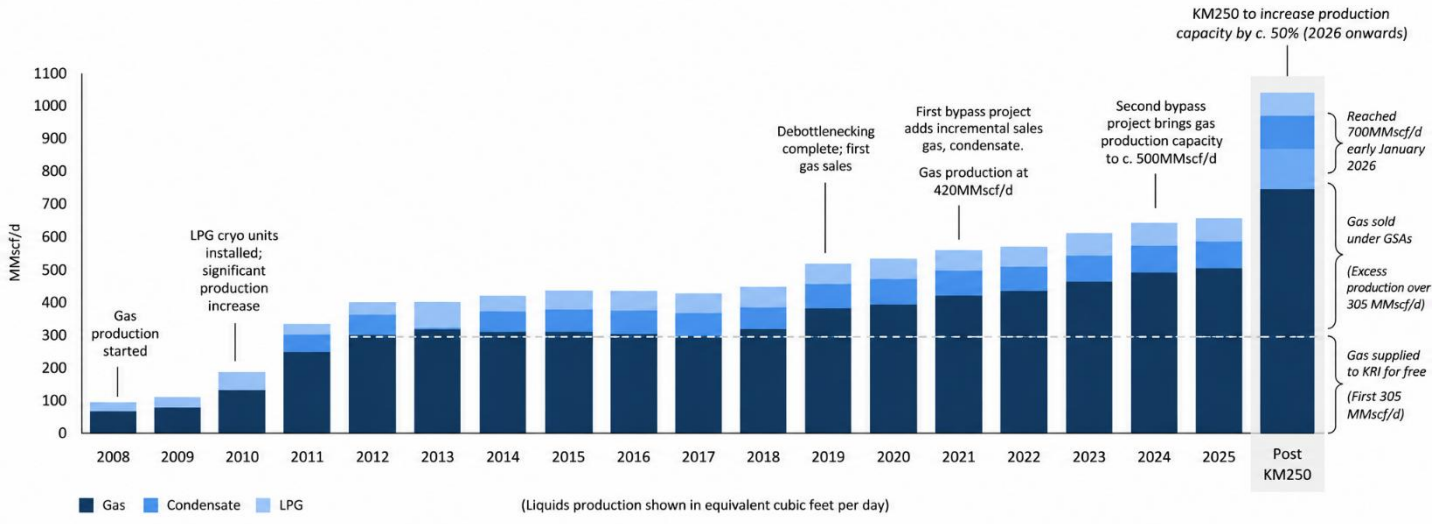
The KM250 project was completed and commissioned in Oct-25, eight months ahead of the revised schedule. It added 250 mmscfd of new gas processing capacity, increasing processing capacity by roughly 50% to 750 mmscf/d, alongside 21k bbl of condensate and 1,400 mt of LPG. Production exceeded 700 mmscf/d in January 2026 - with net production above 55 kboepd, and group production reaching 70k boepd, the highest level since 2018 - demonstrating enhanced system capacity following completion. Full benefit has not yet been realised owing to operating conditions and infrastructure constraints, with further upside expected as conditions normalise and the common-user pipeline is completed. KM250 strengthens the long-term production profile under the 20-year take-or-pay gas sales agreement with the KRG and demonstrates Dana Gas' execution capability in delivering large-scale infrastructure projects.

Federal Iraq - Opening a new gas market. The completion of KM250 has also enabled Pearl Petroleum to expand beyond its traditional KRG customer base. In August 2026, Dana Gas and Crescent Petroleum commenced supplying 100 mmscf/d from Khor Mor to Iraq's Federal Ministry of Electricity for the Kirkuk Taza power station under an initial one-year agreement signed in December 2025. The transaction marks Pearl's first direct gas sale to the federal electricity market and provides a new outlet for the additional capacity created by KM250.

The agreement is strategically more important having secured a new customer offering diversification. Pearl must continue supplying at least 650 mmscf/d to the KRG, while the additional 100 mmscf/d to Federal Iraq would broadly utilise Khor Mor's 750 mmscf/d installed capacity. The agreement opens the door for incremental supply from Chemchemal field.

Federal Iraq faces an estimated gas shortage of c.3 bcf/d, creating a potentially substantial addressable market. The initial agreement establishes the commercial and operational framework for gas to move from the KRI into the federal power system and could lay the foundation for larger and longer-term gas sales once new production becomes available from Chemchemal.

Exhibit 63: Khor Mor gross production build-up since 2008: KM250 lifts processing capacity by c.50% to 750 mmscf/d



Source: Company data, Arqaam Capital Researcjh

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Chemchemal - The next leg for KRI growth

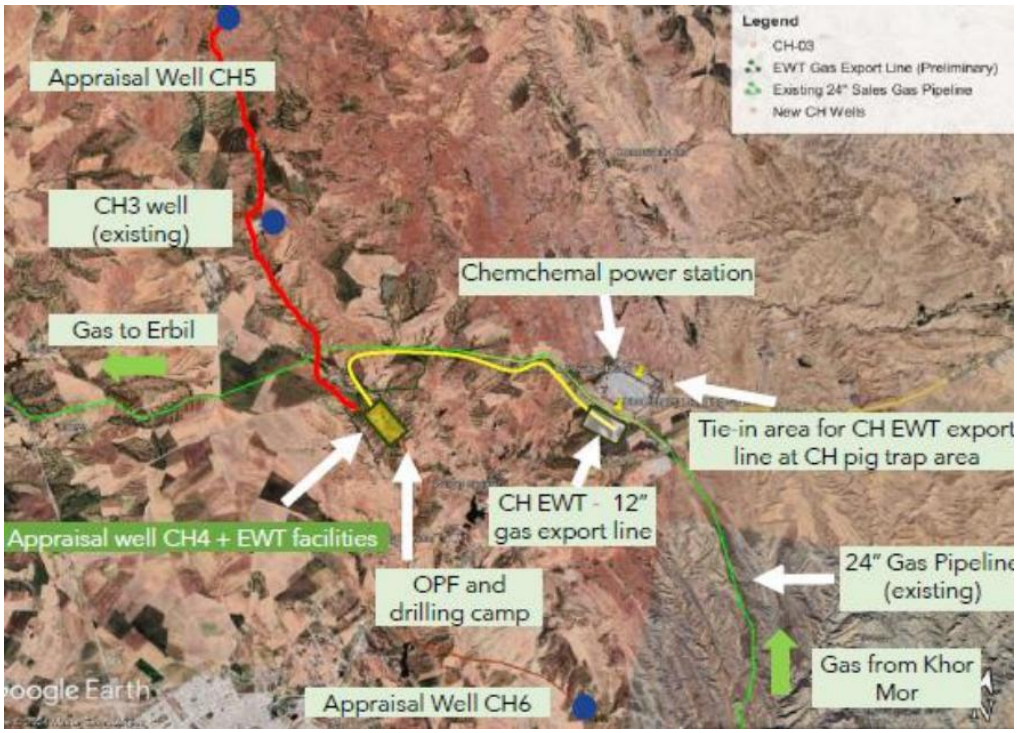
Chemchemal is Pearl's next major growth project, with long-term potential comparable to Khor Mor. The field holds estimated hydrocarbons initially in place of 4.3tr scf of Cretaceous gas, 21.5tr scf of deeper Jurassic and Triassic gas and 580 mmbbl of oil, although recoverable reserves and sustainable production will only be confirmed through drilling.

Pearl is investing USD 160m in the initial development. Phase I includes a 3D seismic survey, three wells and an Extended Well Test facility targeting 75 mmscf/d, with drilling expected in Q4 26 or Q1 27. Phase II should add an early production facility, lifting capacity to 142 mmscf/d, with first gas targeted in H2 27.

Demand for the initial volumes is already secured under seven 10-year GSAs signed with six cement and steel producers in Bazian and Erbil for up to 142 mmscf/d. A new 40km pipeline will connect Chemchemal to Bazian, while the existing 24-inch Khor Mor pipeline will support supply toward Erbil.

The three-well programme should also determine the size of the subsequent full-field development. Management indicated that additional production could eventually reach c.500 mmscf/d, depending on confirmed reserves and contracted demand. Federal Iraq is the most likely buyer given its c.3 bcf/d gas deficit and the recently established 100 mmscf/d relationship with Khor Mor. Securing a long-term GSA with a creditworthy buyer would also support project financing at the Pearl level, limiting the direct funding burden on Dana Gas.

Exhibit 64: Chemchemal Phase I development layout: three appraisal wells and EWT facilities targeting 75 mmscf/d



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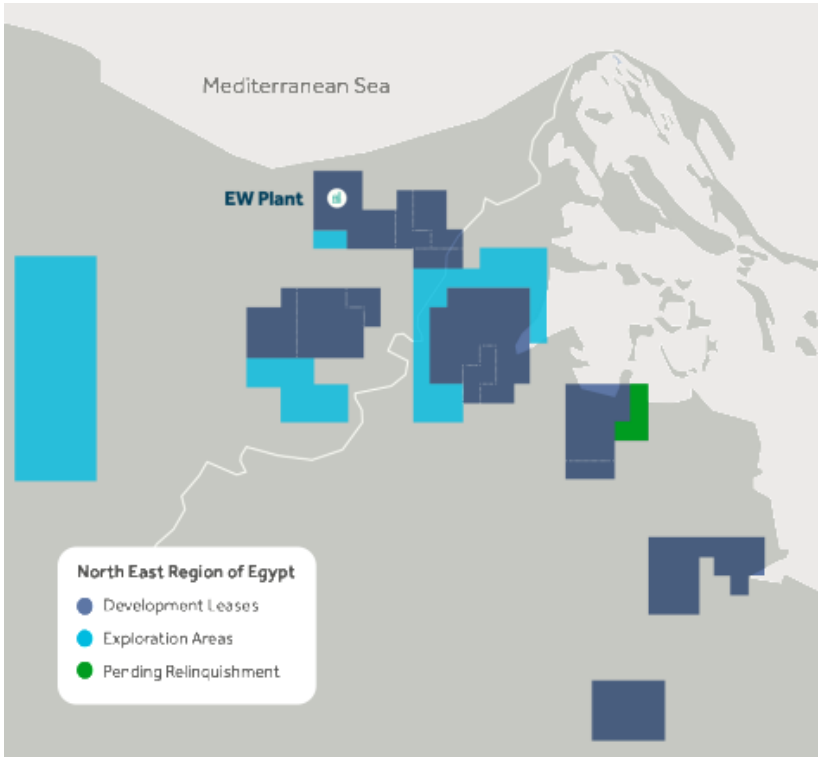
B) Egypt – A production recovery story

Dana Gas has operated in Egypt since 2007 and is currently the country's seventh-largest gas producer. The portfolio comprises c.30 producing wells connected through a 600km pipeline network, with over 30 exploration wells drilled at a commercial success rate above 60%. Egypt 2P reserves stood at 19.6bn boe as of Dec-24, providing a diversified production and cash flow base alongside Dana's larger KRI exposure.

Production increased 7% y/y to 13.3k boepd in H1 26A, marking the first growth since 2017, comprising 66 mmscf/d of gas, 1.2k boepd of condensate and 100 mt/d of LPG. The improvement reflects early drilling and workover results following the 2024 Consolidated Concession Agreement, which improved the economics of Dana Gas' mature Nile Delta portfolio and underpinned renewed investment.

Following the agreement, the company launched a USD 100m, two-year, self-funded programme to drill 11 wells and recover c.80 bcf of additional gas while remaining FCF positive. Four wells drilled in FY 25 added c.30mmscf/d of production and c.36bcf of reserves, while two exploration wells were completed in Q1 26 and four further development and exploration wells are planned for FY 26. Collections in Egypt have improved, with all overdue receivables fully settled and USD 64m collected in H1 26A, implying a 194% collection rate. Meanwhile, KRI collections remain a key consideration, with USD 104m collected during H1 26A, equivalent to a 78% collection rate, while timely and predictable payments remain critical to sustaining investment and production growth.

Exhibit 65: Egypt Nile Delta acreage: c.30 producing wells across development leases and exploration areas



Source: Company data, Arqaam Capital Research

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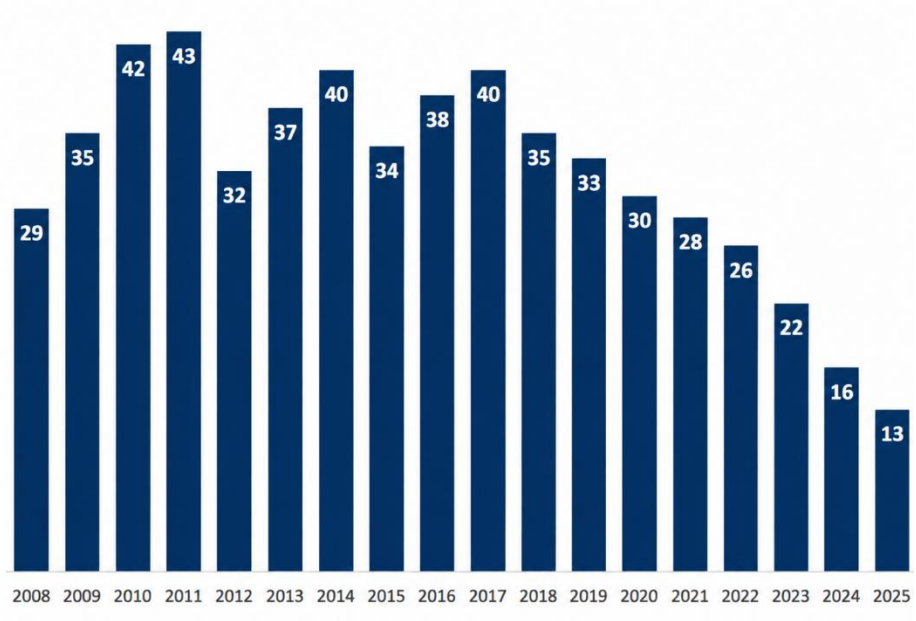
Exhibit 66: Egypt production declined from a 2011 peak of 43k boepd to 13k boepd in FY 25A thanks to natural field decline



Source: Company data, Arqaam Capital Research

C) UAE Gas Project - Material Monetisation Opportunity

The UAE Gas Project involves the purchase of 600 mmscf/d of imported gas sourced from the National Iranian Oil Company (NIOC) for transportation, processing and sale in the UAE. Dana Gas owns the project infrastructure (gas transmission and processing) and holds a 35% stake in the gas marketing company, Crescent Natural Gas Corporation Limited (CNGCL). Gas was never delivered under the agreement, and Dana Gas's partner Crescent Petroleum initiated international arbitration in Jun-09 over the supply contract. The facilities have been maintained under preservation mode in readiness for the receipt of gas.

In 2014, NIOC was found in breach of its contractual obligations. A first award covering the initial 8.5 years of the 25-year agreement (FY 05-14) was issued in Sep-21, entitling Dana Gas to USD 607.5m in damages, with interest accruing at 12-month EIBOR +1%, compounding annually from three months after the award. Dana Gas currently carries c.USD 608m on its balance sheet, while a further c.USD 147m of accrued interest remains unrecognized, taking the total legal claim to more than USD 750m.

All NIOC challenges to the first award have been dismissed by the English High Court, and the award has been confirmed in the UAE, UK and Netherlands, with enforcement underway through attachments of Iranian-owned assets internationally. Recovery of the existing award could come through asset enforcement, a negotiated cash settlement or payment in kind, although management has cautioned that full recovery is not guaranteed. A second arbitration covering the remaining 16.5 years (FY 14-30) is ongoing; the final hearing, originally scheduled for FY 22, is now expected in FY 26, with a final award of damages anticipated within twelve months. Crescent Petroleum and Dana Gas remain confident of a favourable outcome.

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Strategy and Outlook

Dana Gas's strategy centers on scaling KRI gas post-KM250, first Chemchemal gas in H2 27, Egypt production recovery, and monetising USD 750m+ of UAE arbitration claims.

Dana Gas's corporate strategy is centred on maximising the value of its large KRI gas position, restoring sustainable production growth in Egypt and monetising the UAE arbitration awards. Near-term delivery priorities include raising Khor Mor utilisation following KM250, supplying the newly entered Federal Iraqi market, progressing the initial Chemchemal development toward first gas in H2 27, maintaining strong collections across the KRI and Egypt and completing the Egyptian drilling programme.

Beyond the initial 142 mmscf/d Chemchemal phase, the company's medium-term growth opportunity lies in developing the field at a materially larger scale. The final development will be determined by drilling results and contracted demand, with Federal Iraq representing the most obvious potential buyer given its structural gas deficit. A long-term agreement with a creditworthy customer would also support project financing at Pearl Petroleum, allowing Dana Gas to participate in material production growth without placing the full capital requirement on its corporate balance sheet.

Sustainability

Dana Gas lowers KRI power-sector emissions, with top-quartile carbon intensity of 13.0 kg CO2e/boe, 604k tonnes offset and 11 years without a significant spill.

As the main domestic gas supplier in the KRI and a long-standing operator in Egypt, Dana Gas supports the energy transition by displacing higher-emission fuels - notably diesel and fuel oil in the KRI power system. The company reported a top-quartile carbon intensity of 13.03 kg CO2e/boe in 2025 (reflecting the impact of new operations start-up), voluntarily offset 604 thousand tonnes of CO2e, and recycled 42% of waste generated. It continues to focus on emissions management through operational efficiency, flare-reduction initiatives and the integration of climate considerations into investment decisions.

On safety and community, Dana Gas recorded zero significant spills over the past 11 consecutive years, nine years lost-time-incident-free at the El Wastani plant, a 160% reduction in Tier 1 and 2 Process Safety Events over five years, and zero major road-safety accidents against 12.6m workplace exposure hours. In-country value creation is reflected in USD 3.4m invested in community initiatives, 868 local suppliers engaged, a workforce 60% represented by local nationals, and 100% of community-related incidents and grievances satisfactorily resolved.

Corporate History

Dana Gas was established in Dec-05 and listed on the ADX, becoming the region's largest private-sector natural gas company. In FY-07 it entered the PDA with the KRG for the appraisal and development of the Khor Mor and Chemchemal fields and began operating in Egypt through DGE. Pearl Petroleum was founded in 2009 to hold the joint interests of Dana Gas and Crescent Petroleum, with OMV and MOL each taking 10% that year; RWE acquired its 10% stake in 2015.

A defining event was the Aug-17 settlement with the KRG, which resolved USD 2.24bn of receivables, comprising USD 1bn in cash and USD 1.24bn converted into recoverable petroleum

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costs, increased Pearl's remuneration fee, extended the agreement to FY 49 and expanded the Khor Mor block with the addition of exploratory Blocks 19 and 20. Dana Gas agreed to sell its Egyptian onshore producing assets to IPR Wastani Petroleum in Oct-20 but terminated the transaction in Apr-21 after the conditions required for completion were not met. An arbitration tribunal subsequently confirmed that Dana Gas's termination was valid, allowing the company to retain and continue operating the assets.

More recent milestones include the USD 607.5m first UAE Gas Project arbitration award in Sep-21, completion of KM250 in Oct-25, the signing of the Chemchemal industrial GSAs in Jan-26 and the commencement of gas sales from Khor Mor to Federal Iraq in Aug-26. Together, these developments mark Dana Gas's transition from a period focused on resolving legacy disputes and funding major projects toward a new phase of production growth, customer diversification and cash-flow generation.

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