

2 August 2023

Genel Energy plc
Unaudited results for the period ended 30 June 2023

Genel Energy plc ('Genel' or 'the Company') announces its unaudited results for the six months ended 30 June 2023.

Paul Weir, Chief Executive of Genel, said:

"The closure of the Iraq-Türkiye pipeline on 25 March 2023 has resulted in minimal sales and no payments from the KRG since that date. This has materially impacted both our current and expected cash flows, with the current period seeing a free cash out flow.

Approval of the Iraqi budget in June put in place a framework for the restart of payments and exports, with production from Kurdistan incorporated in the budget, and this was an important step. Discussions are now ongoing between Iraq and Türkiye regarding the commercial and political arrangements that would enable the resumption of exports.

As we await a positive outcome to discussions between Iraq and Türkiye, we retain a material cash position, prioritised for investment in new assets, and remain clear and determined on our direction of travel. We have accelerated the ongoing reshaping of our portfolio, organisation, and plans, and we continue to diligently review assets and businesses that can support delivery of the business that we have framed over the past 12 months.

Given the \$170 million impact so far that the lack of payments and revenue is expected to have on our liquidity at year-end, and with no clear line of sight on when either pipeline exports or payments will restart, we have taken the decision to suspend the dividend. We remain committed to building a business with predictable, repeatable, and diversified cash flows, which would ultimately support the re-establishment of a dividend programme."

Results summary (\$ million unless stated)

| | H1 2023 | H1 2022 | FY 2022 |
|--|---------------|---------|---------|
| Average Brent oil price (\$/bbl) | 80 | 108 | 101 |
| Production (bopd, working interest) | 13,440 | 30,420 | 30,150 |
| Revenue | 51.3 | 245.6 | 432.7 |
| EBITDAX ¹ | 19.4 | 212.3 | 361.6 |
| Depreciation and amortisation | (27.2) | (84.4) | (149.2) |
| Net impairment/write-off of oil and gas assets | (17.7) | - | (201.3) |
| Net (Impairment)/reversal of impairment of receivables | (9.9) | 12.8 | 8.2 |
| Exploration expense | (0.3) | - | (1.0) |
| Operating (loss) / profit | (35.7) | 140.7 | 18.3 |
| Cash flow from operating activities | 39.2 | 216.3 | 412.4 |
| Capital expenditure | 47.5 | 74.7 | 143.1 |
| Free cash flow ² | (35.1) | 128.7 | 234.8 |
| Cash | 425.0 | 412.1 | 494.6 |
| Total debt | 273.0 | 280.0 | 274.0 |
| Net cash / (debt) ³ | 158.2 | 141.3 | 228.0 |
| Basic (LPS) / EPS (¢ per share) | (14.6) | 45.4 | (2.6) |
| Dividends declared for the period (¢ per share) | - | 6 | 18 |

1. EBITDAX is operating (loss)/profit adjusted for the add back of depreciation and amortisation, impairment of property, plant and equipment, impairment of intangible assets and impairment/reversal of impairment of receivables

2. Free cash flow is reconciled on page 7

3. Reported cash less debt reported under IFRS (page 7)

Summary

- The prolonged closure of the Iraq-Türkiye pipeline has materially impacted production, which averaged 13,440 bopd in H1 (H1 2022: 30,420)
- Two payments totalling \$61 million were received from the Kurdistan Regional Government ('KRG') in the period, with \$110 million now overdue
- Given the loss of cash flow in the period and the lack of visibility on both the timing of pipeline exports resuming and the re-establishment of a reliable record of payments, Genel has suspended its dividend programme
- In addition, the Company will assess the timing of further investment in Somaliland following the completion of civil engineering work, based on the financial outlook at the time
- Work on assessing the future plans for Sarta, with a goal of making operations profitable, has been made more challenging by the investment environment, and consequently Genel has informed the Ministry of Natural Resources of its intention to surrender the asset and terminate the Sarta PSC
- Significant cash balance of \$425 million at 30 June 2023 (\$496 million at 31 March 2023) is prioritised for addition of new assets
- Net cash of \$158 million at 30 June 2023 (\$229 million at 31 March 2023)
 - Total debt of \$273 million at 30 June 2023 (\$274 million at 31 March 2023)
- A socially responsible contributor to the global energy mix:
 - Zero lost time injuries ('LTI') and zero tier one loss of primary containment events at Genel and TTOPCO operations
 - Three million work hours since the last LTI

Outlook

- As a consequence of the reduction in operational activity, Genel has right-sized the organisation and reduced spend compared to expectations at the start of 2023
 - Genel currently expects full year capital expenditure to be c.\$70 million (original guidance \$100-125 million), with two thirds of this already spent
- Limited local sales are ongoing from the Tawke licence
- Genel continues to actively review and work up opportunities to invest our cash to build a business that delivers resilient, reliable, and diversified cash flows that support a repeatable dividend programme in the long-term
- The London-seated international arbitration regarding Genel's claim for substantial compensation from the KRG following the termination of the Miran and Bina Bawi PSCs is progressing. The trial remains scheduled for February 2024

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Genel will host a live presentation on the Investor Meet Company platform on Wednesday 2 August at 1000 BST. The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Genel Energy PLC via: <https://www.investormeetcompany.com/genel-energy-plc/register-investor>

This announcement includes inside information.

Disclaimer

This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil & gas exploration and production business. While the Company believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward looking statements. The information contained herein has not been audited and may be subject to further review.

CEO STATEMENT

The first half of the year has been dominated by the lengthy outage of the Iraq-Türkiye export pipeline, which has caused the suspension of both our production and payments from the Kurdistan Regional Government. Only two payments were received in the period before the pipeline was shut. This has exacerbated our receivable position and has led to a material decline in our expected cash flows. Previous expectations for our year-end 2023 cash position have been impacted by around \$170 million so far (\$110 million outstanding for oil produced that was expected to be received this year, and a loss of cash as a result of the lack of production for the months from April to July 2023).

This lack of cash receipts has led to the suspension of the dividend. The Company is committed to building a business with predictable, repeatable, and diversified cash flows that would support the re-establishment of a dividend programme.

We continue to see positive news flow about a potential restart and it is reported that there has been inter-government dialogue, but there remains no clear visibility on exactly when exports will resume.

We remain of the belief that the shut-down will not continue in the long-term, and the Prime Minister of the Kurdistan Region of Iraq ('KRI') has committed to International Oil Companies operating in Kurdistan that the terms under PSCs will not be reviewed, and that all amounts owed will be paid.

The Federal Government of Iraq budget has been approved, which puts in place a framework that should enable exports to restart quickly once agreement has been reached between Türkiye and Iraq. The budget states that Kurdistan production will be sold by the Iraqi State Oil Marketing Organisation ('SOMO') and, in return, the KRG will receive budget payments from the Federal Government of Iraq. While agreements are in place on paper, we await to see how they are practically implemented on the ground.

Given the ongoing uncertainty, we have made decisions to minimise our spend, while accelerating our cost-reduction and efficiency drive that was already underway.

Further investment in Sarta, already challenging from a technical and economic point of view, is now not feasible, and we have informed the Ministry of Natural Resources of our intention to surrender the licence and terminate the PSC. This is a disappointing outcome for an asset of which the field partners had great expectations. The team did a great job in bringing it to production quickly and professionally, but the geology was not what had been expected, and the licence has been impaired accordingly.

While we are confident that exports to Ceyhan will resume in the future, we are focused on preserving maximum liquidity available to invest in new production assets in order to diversify and increase the resilience of our cash flows. This is of even greater importance following the decision to exit Sarta.

We have a clear business model and plan and a remaining liquidity balance that supports cash generative diversification of the business. We have a dedicated team in place analysing opportunities that will take the business in the right direction by adding near-term income, diversifying our portfolio and delivering reliable and repeatable cash flows.

OPERATING REVIEW

Production

Production in the first half of 2023 was negatively impacted by the closure of the Iraq-Türkiye pipeline. Production continued until storage capacity at fields was reached. For Tawke this was at the end of March, Sarta 3 April, and Taq Taq 22 May.

Upon reopening of the export pipeline, Genel fields have the potential to rapidly resume production. Sarta will remain shut-in as Genel relinquishes the asset.

| (bopd) | Gross production Q2 2023 | Net production Q2 2023 | Gross production H1 2023 | Net production H1 2023 |
|----------------|--------------------------|------------------------|--------------------------|------------------------|
| Tawke | 0 | 0 | 46,970 | 11,740 |
| Taq Taq | 1,884 | 829 | 2,760 | 1,220 |
| Sarta | 48 | 14 | 1,605 | 480 |
| Total | 1,932 | 843 | 51,335 | 13,440 |

PRODUCING ASSETS

Tawke PSC (25% working interest)

Gross production from the Tawke licence averaged 93,880 bopd during the first quarter of 2023, with the Peshkabir field contributing 49,480 bopd (59,360 bopd in Q4 2022) and the Tawke field 44,400 bopd (47,140 bopd in Q4 2022) during this period.

Production in Q1 2023 was in line with expectations, and down from the previous quarter due to planned well workovers initiated in February. There was no production in Q2 due to the export pipeline being closed.

Given the uncertain timing of export resumption and, importantly, of payments by the KRG for previous oil sales, the operator DNO (in full alignment with Genel) scaled back spend, including drilling. While five wells were completed and another three wells spudded in Q1 2023, no new wells have been spudded since and the number of active rigs at the Tawke licence will drop from four at the start of 2023 to none in the second half of the year.

Limited local sales began in June, selling stored oil to the local market.

Sarta (30% working interest)

Genel had previously stated that the Company's focus was on making ongoing production from Sarta profitable. Given the investment required to achieve this, and the current uncertainty over a resumption of payments, Genel has informed the Ministry of Natural Resources of its intention to surrender the asset and thereby terminate the Sarta PSC.

Taq Taq (44% working interest, joint operator)

Prior to the closure of the Iraq-Türkiye pipeline, production from Taq Taq was in line with expectations, having averaged 3,610 bopd in Q1. In line with Genel's focus on reducing costs, and lack of clarity regarding the resumption of payments, the planned drilling of a well at Taq Taq in 2023 has now been dropped.

PRE-PRODUCTION ASSETS

Somaliland

The Environmental, Social and Health Impact Assessment is now complete, and civil work continues for the drilling of the Toosan-1 well on the highly prospective SL10B13 block (51% working interest and operator).

Once civil works are complete, in line with Genel's focus on reducing costs, the Company will assess timing of further investment based on the financial outlook at the time.

Morocco

The farm-out programme on the Lagzira block (75% working interest and operator) is ongoing.

FINANCIAL REVIEW

The ongoing closure of the Iraq-Türkiye pipeline resulted in no sales for the period of pipe shutdown from the end of March to the end of the period.

| (all figures \$ million) | H1 2023 | H1 2022 | FY 2022 |
|--|-----------------|-----------|-----------|
| Brent average oil price | \$80/bbl | \$108/bbl | \$101/bbl |
| Revenue | 51.3 | 245.6 | 432.7 |
| Production costs | (21.7) | (24.1) | (51.1) |
| Cost recovered production asset capex | (39.7) | (41.3) | (85.9) |
| Production business net (expense) / income after cost recovered capex | (10.1) | 180.2 | 295.7 |
| G&A (excl. non-cash) | (9.3) | (8.6) | (19.2) |
| Net cash interest ¹ | (2.2) | (12.5) | (19.2) |
| Working capital | 42.7 | (38.2) | (9.7) |
| Payments for deferred receivables | 16.5 | 46.3 | 94.4 |
| Payment delays | (49.5) | - | (44.4) |
| Free cash flow before investment in growth | (11.9) | 167.2 | 297.6 |
| Pre-production capex | (7.8) | (33.4) | (57.2) |
| Working capital and other | (15.4) | (5.1) | (5.6) |
| Free cash flow | (35.1) | 128.7 | 234.8 |
| Dividend paid | (33.5) | (32.3) | (47.9) |
| Other | - | 2.0 | - |
| Purchases of own bonds | (1.0) | - | (6.0) |
| Net change in cash | (69.6) | 98.4 | 180.9 |
| Cash | 425.0 | 412.1 | 494.6 |

¹ Net cash interest is bond interest payable less bank interest income (see note 5)

Financial priorities of 2023

The table below summarises our progress against the 2023 financial priorities of the Company as set out in our 2022 results.

| 2023 financial priorities | Progress |
|---|--|
| <ul style="list-style-type: none"> Maintain business resilience and balance sheet strength | <ul style="list-style-type: none"> In the face of a reduction in income, capital expenditure materially reduced, and interim dividend suspended |
| <ul style="list-style-type: none"> Put our significant cash balance to work, earning appropriate returns to deliver value to shareholders primarily through our dividend programme and diversify our cash generation | <ul style="list-style-type: none"> Genel continues to actively screen and work up opportunities Final dividend paid |
| <ul style="list-style-type: none"> Deliver the 2023 work programme on time and on budget, and continue simplification of the business with a focus on optimisation and cost control and investment in business improvement | <ul style="list-style-type: none"> Work programme reduced due to external conditions |

Financial results*Income statement*

| (all figures \$ million) | H1 2023 | H1 2022 | FY 2022 |
|--|-----------------|-----------|-----------|
| Brent average oil price | \$80/bbl | \$108/bbl | \$101/bbl |
| Production (bopd, working interest) | 13,440 | 30,420 | 30,150 |
| Profit oil | 18.2 | 88.4 | 149.2 |
| Cost oil | 31.3 | 70.8 | 141.1 |
| Override royalty | 1.8 | 86.4 | 142.4 |
| Revenue | 51.3 | 245.6 | 432.7 |
| Production costs | (21.7) | (24.1) | (51.1) |
| G&A (excl. depreciation and amortisation) | (10.2) | (9.2) | (20.0) |
| EBITDAX | 19.4 | 212.3 | 361.6 |
| Depreciation and amortisation | (27.2) | (84.4) | (149.2) |
| Exploration expense | (0.3) | - | (1.0) |
| Net impairment / write-off of oil and gas assets | (17.7) | - | (201.3) |
| Net (impairment) / reversal of impairment of receivables | (9.9) | 12.8 | 8.2 |
| Net finance expense | (5.0) | (14.6) | (25.4) |
| Income tax expense | - | - | (0.2) |
| (Loss) / Profit | (40.7) | 126.1 | (7.3) |

H1 2023 production of 13,440 bopd is reduced from the comparative period (H1 2022: 30,420 bopd) because of the pipeline closure. This has resulted in a reduction in revenue from \$246 million to \$51 million alongside the change in pricing from Brent to the realised sales price for Kurdistan blend crude ('KBT') starting from September 2022 and the completion of Tawke overriding royalty by July 2022.

Production costs of \$22 million decreased from the prior period (H1 2022: \$24 million), with cost per barrel \$9.0/bbl in 2023 (H1 2022: \$4.4/bbl), principally caused by pipeline closure, fixed costs, and Sarta being loss-making.

Corporate cash costs were \$9 million (H1 2022: \$9 million), in line with previous period.

The decrease in revenue resulted in a similar decrease to EBITDAX, which was \$19 million (H1 2022: \$212 million). EBITDAX is presented in order to illustrate the cash profitability of the Company and excludes the impact of costs attributable to exploration activity, which tend to be one-off in nature, and the non-cash costs relating to depreciation, amortisation, impairments and write-offs.

Depreciation of \$24 million (H1 2022: \$56 million) and Tawke intangibles amortisation of \$3 million (H1 2022: \$28 million) decreased due to lower production and pipeline closure.

The Company has reported an impairment expense of \$18 million relating to Sarta. A net impairment expense of \$10 million has been recognised relating to the expected credit loss on overdue receivables. Further explanation is provided in note 2 to the financial statements.

Interest income of \$11 million (H1 2022: \$0.5 million) has significantly increased as a result of the increase in interest rates, in turn reducing our cost of debt. Bond interest expense of \$13 million (H1 2022: \$13 million) was in line with previous period. Other finance expense of \$3 million (H1 2022: \$2 million) related to non-cash discount unwinding on provisions.

In relation to taxation, under the terms of KRI production sharing contracts, corporate income tax due is paid on behalf of the Company by the KRG from the KRG's own share of revenues, resulting in no corporate income tax payment required or expected to be made by the Company. Tax presented in the income statement was related to taxation of the service companies (H1 2023: nil, H1 2022: nil).

Capital expenditure

Capital expenditure was reduced to \$48 million (H1 2022: \$75 million), with spend on production and pre-production assets combined of \$44 million, and exploration assets of \$4 million:

| (all figures \$ million) | H1 2023 | H1 2022 | FY 2022 |
|---------------------------------------|-------------|---------|---------|
| Cost recovered production capex | 39.7 | 41.4 | 85.9 |
| Pre-production capex – oil | 3.8 | 27.0 | 47.5 |
| Other exploration and appraisal capex | 4.0 | 6.3 | 9.7 |
| Capital expenditure | 47.5 | 74.7 | 143.1 |

Cash flow, cash, net cash and debt

Gross proceeds received totalled \$61 million (H1 2022: \$254 million).

| (all figures \$ million) | H1 2023 | H1 2022 | FY 2022 |
|--------------------------------------|-----------------|-----------|-----------|
| Brent average oil price | \$80/bbl | \$108/bbl | \$101/bbl |
| EBITDAX | 19.4 | 212.3 | 361.6 |
| Working capital | 19.8 | 4.0 | 50.8 |
| Operating cash flow | 39.2 | 216.3 | 412.4 |
| Producing asset cost recovered capex | (37.9) | (33.1) | (77.8) |
| Development capex | (16.0) | (22.2) | (50.4) |
| Exploration and appraisal capex | (6.1) | (17.7) | (20.0) |
| Interest and other | (14.3) | (14.6) | (29.4) |
| Free cash flow | (35.1) | 128.7 | 234.8 |

Free cash flow is presented in order to illustrate the free cash generated for equity. Free cash outflow was \$35 million (H1 2022: \$129 million inflow) with an overall decrease due to delay in proceeds and lower Brent.

| (all figures \$ million) | H1 2023 | H1 2022 | FY 2022 |
|---------------------------|----------------|---------|---------|
| Free cash flow | (35.1) | 128.7 | 234.8 |
| Dividend paid | (33.5) | (32.3) | (47.9) |
| Other | - | 2.0 | - |
| Bond repayment | (1.0) | - | (6.0) |
| Net change in cash | (69.6) | 98.4 | 180.9 |
| Opening cash | 494.6 | 313.7 | 313.7 |
| Closing cash | 425.0 | 412.1 | 494.6 |
| Debt reported under IFRS | (266.8) | (270.8) | (266.6) |
| Net cash / (debt) | 158.2 | 141.3 | 228.0 |

The 2025 bonds have two financial covenant maintenance tests:

| Financial covenant | Test | H1 2023 |
|--|---------|---------|
| Equity ratio (Total equity/Total assets) | > 40% | 53% |
| Minimum liquidity | > \$30m | \$425m |

Net assets

Net assets at 30 June 2023 were \$457 million (31 December 2022: \$528 million) and consist primarily of oil and gas assets of \$330 million (31 December 2022: \$327 million), net trade receivables of \$95 million (31 December 2022: \$117 million) and net cash of \$158 million (31 December 2022: \$228 million).

Liquidity / cash counterparty risk management

The Company monitors its cash position, cash forecasts and liquidity on a regular basis. The Company holds surplus cash in treasury bills or on time deposits with a number of major financial institutions. Suitability of banks is assessed using a combination of sovereign risk, credit default swap pricing and credit rating.

Going concern

The Directors have assessed that the Company's forecast liquidity provides adequate headroom over forecast expenditure for the 12 months following the signing of the half-year condensed consolidated financial statements for the period ended 30 June 2023 and consequently that the Company is considered a going concern.

The Company is in a net cash position with no near-term maturity of liabilities.

Principal risks and uncertainties

The Company is exposed to a number of risks and uncertainties that may seriously affect its performance, future prospects or reputation and may threaten its business model, future performance, solvency or liquidity. The following risks are the principal risks and uncertainties of the Company, which are not all of the risks and uncertainties faced by the Company: the KRI natural resources industry and regional risk, notably the current closure of the Iraq-Türkiye pipeline and lack of oil export payments, as well as the recovery of the \$110 million outstanding receivable; the development and recovery of oil reserves; reserve replacement; M&A activity; corporate governance failure; capital structure and financing; local community support; the environmental impact of oil and gas extraction; and health and safety risks. Further detail on many of these risks was provided in the 2022 Annual Report.

Statement of directors' responsibilities

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a true and fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Genel Energy plc are listed in the Genel Energy plc Annual Report for 31 December 2022. A list of current directors is maintained on the Genel Energy plc website: www.genelenergy.com

By order of the Board

Paul Weir
CEO
1 August 2023

Luke Clements
CFO

1 August 2023

Disclaimer

This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil & gas exploration and production business. Whilst the Company believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward looking statements.

Condensed consolidated statement of comprehensive income
For the period ended 30 June 2023

| | Note | Unaudited 6 months to 30 June 2023 \$m | Unaudited 6 months to 30 June 2022 \$m | Audited Year to 31 Dec 2022 \$m |
|---|------|--|--|---|
| Revenue | 3 | 51.3 | 245.6 | 432.7 |
| Production costs | 4 | (21.7) | (24.1) | (51.1) |
| Depreciation and amortisation of oil assets | 4 | (27.2) | (84.3) | (149.1) |
| Gross profit | | 2.4 | 137.2 | 232.5 |
| Exploration expense | 4 | (0.3) | - | (1.0) |
| Net write-off of intangible assets | 4,8 | - | - | (75.8) |
| Impairment of property, plant and equipment | 4,9 | (17.7) | - | (125.5) |
| Net (impairment) / reversal of impairment of receivables | 4,10 | (9.9) | 12.8 | 8.2 |
| General and administrative costs | 4 | (10.2) | (9.3) | (20.1) |
| Operating (loss) / profit | | (35.7) | 140.7 | 18.3 |
| <i>Operating (loss) / profit is comprised of:</i> | | | | |
| <i>EBITDAX</i> | | 19.4 | 212.3 | 361.6 |
| <i>Depreciation and amortisation</i> | 4 | (27.2) | (84.4) | (149.2) |
| <i>Exploration expense</i> | 4 | (0.3) | - | (1.0) |
| <i>Net write-off of intangible assets</i> | 4,8 | - | - | (75.8) |
| <i>Impairment of property, plant and equipment</i> | 4,9 | (17.7) | - | (125.5) |
| <i>Net (impairment) / reversal of impairment of receivables</i> | 4,10 | (9.9) | 12.8 | 8.2 |
| Finance income | 5 | 10.5 | 0.5 | 6.7 |
| Bond interest expense | 5 | (12.7) | (13.0) | (25.9) |
| Other finance expense | 5 | (2.8) | (2.1) | (6.2) |
| (Loss) / Profit before income tax | | (40.7) | 126.1 | (7.1) |
| Income tax expense | 6 | - | - | (0.2) |
| (Loss) / Profit and total comprehensive (expense) / income | | (40.7) | 126.1 | (7.3) |
| Attributable to: | | | | |
| Owners of the parent | | (40.7) | 126.1 | (7.3) |
| | | (40.7) | 126.1 | (7.3) |
| (Loss) / Earnings per ordinary share | | | ¢ | ¢ |
| Basic | 7 | (14.6) | 45.4 | (2.6) |
| Diluted | 7 | (14.6) | 45.0 | (2.6) |
| (LPS) / EPS excluding impairments ¹ | | (4.7) | 40.8 | 66.7 |

¹(LPS) / EPS excluding impairment is profit / (loss) and total comprehensive income / (expense) adjusted for the add back of net impairment/write-off of oil and gas assets and net impairment/reversal of impairment of receivables divided by weighted average number of ordinary shares.

Condensed consolidated balance sheet

At 30 June 2023

| | Note | Unaudited 30 June 2023 \$m | Unaudited 30 June 2022 \$m | Audited 31 Dec 2022 \$m |
|--------------------------------|------|-------------------------------------|-------------------------------------|----------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 8 | 80.4 | 165.1 | 79.1 |
| Property, plant and equipment | 9 | 249.2 | 362.4 | 248.1 |
| | | 329.6 | 527.5 | 327.2 |
| Current assets | | | | |
| Trade and other receivables | 10 | 100.6 | 165.0 | 121.7 |
| Cash and cash equivalents | | 425.0 | 412.1 | 494.6 |
| | | 525.6 | 577.1 | 616.3 |
| Total assets | | 855.2 | 1,104.6 | 943.5 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Trade and other payables | | (0.8) | (3.5) | (1.2) |
| Deferred income | | (5.9) | (10.0) | (6.5) |
| Provisions | | (53.7) | (45.4) | (52.2) |
| Interest bearing loans | 11 | (266.8) | (270.8) | (266.6) |
| | | (327.2) | (329.7) | (326.5) |
| Current liabilities | | | | |
| Trade and other payables | | (64.9) | (91.8) | (82.4) |
| Deferred income | | (6.5) | (6.5) | (6.8) |
| | | (71.4) | (98.3) | (89.2) |
| Total liabilities | | (398.6) | (428.0) | (415.7) |
| Net assets | | 456.6 | 676.6 | 527.8 |
| Owners of the parent | | | | |
| Share capital | | 43.8 | 43.8 | 43.8 |
| Share premium account | | 3,863.9 | 3,914.1 | 3,897.4 |
| Accumulated losses | | (3,451.1) | (3,281.3) | (3,413.4) |
| Total equity | | 456.6 | 676.6 | 527.8 |

Condensed consolidated statement of changes in equity

For the period ended 30 June 2023

| | Share capital \$m | Share premium \$m | Accumulated losses \$m | Total equity \$m |
|---|-------------------------|-------------------------|------------------------------|------------------------|
| At 1 January 2022 | 43.8 | 3,947.5 | (3,410.2) | 581.1 |
| Profit and total comprehensive income | - | - | 126.1 | 126.1 |
| <i>Contributions by and distributions to owners</i> | | | | |
| Share-based payments | - | - | 2.8 | 2.8 |
| Dividends paid ¹ | - | (33.4) | - | (33.4) |
| At 30 June 2022 (Unaudited) | 43.8 | 3,914.1 | (3,281.3) | 676.6 |
| At 1 January 2022 | 43.8 | 3,947.5 | (3,410.2) | 581.1 |
| Loss and total comprehensive expense | - | - | (7.3) | (7.3) |
| <i>Contributions by and distributions to owners</i> | | | | |
| Share-based payments | - | - | 4.1 | 4.1 |
| Dividends provided for or paid ¹ | - | (50.1) | - | (50.1) |
| At 31 December 2022 (Audited) and 1 January 2022 | 43.8 | 3,897.4 | (3,413.4) | 527.8 |
| Loss and total comprehensive expense | - | - | (40.7) | (40.7) |
| <i>Contributions by and distributions to owners</i> | | | | |
| Share-based payments | - | - | 3.0 | 3.0 |
| Dividends provided for or paid ¹ | - | (33.5) | - | (33.5) |
| At 30 June 2023 (Unaudited) | 43.8 | 3,863.9 | (3,451.1) | 456.6 |

¹ The Companies (Jersey) Law 1991 does not define the expression "dividend" but refers instead to "distributions". Distributions may be debited to any account or reserve of the Company (including share premium account).

Condensed consolidated cash flow statement

For the period ended 30 June 2023

| | Note | Unaudited 30 June 2023 \$m | Unaudited 30 June 2022 \$m | Audited 31 Dec 2022 \$m |
|--|------|-------------------------------------|-------------------------------------|----------------------------------|
| Cash flows from operating activities | | | | |
| (Loss) / Profit for the period / year | | (40.7) | 126.1 | (7.3) |
| Adjustments for: | | | | |
| Net finance expense | 5 | 5.0 | 14.6 | 25.4 |
| Taxation | 6 | - | - | 0.2 |
| Depreciation and amortisation | | 28.5 | 85.9 | 152.0 |
| Exploration expense | 4 | 0.3 | - | 1.0 |
| Net impairments, write-offs / (write-backs) | 4 | 27.6 | (12.8) | 193.1 |
| Other non-cash items (royalty income and share-based cost) | | (0.9) | (3.7) | (7.4) |
| Changes in working capital: | | | | |
| Decrease in trade receivables | | 12.5 | 11.8 | 47.2 |
| Decrease / (Increase) in other receivables | | 0.8 | (0.5) | - |
| (Decrease) / Increase in trade and other payables | | (4.3) | (5.5) | 1.7 |
| Cash generated from operations | | 28.8 | 215.9 | 405.9 |
| Interest received | 5 | 10.5 | 0.5 | 6.7 |
| Taxation paid | | (0.1) | (0.1) | (0.2) |
| Net cash generated from operating activities | | 39.2 | 216.3 | 412.4 |
| Cash flows from investing activities | | | | |
| Net payments of intangible assets | | (6.1) | (17.3) | (20.0) |
| Net payments of property, plant and equipment | | (53.9) | (55.3) | (128.2) |
| Net cash used in investing activities | | (60.0) | (72.6) | (148.2) |
| Cash flows from financing activities | | | | |
| Dividends paid to company's shareholders | | (33.5) | (32.3) | (47.9) |
| Bond repayment | 11 | (1.0) | - | (6.0) |
| Lease payments | | (1.7) | - | (3.8) |
| Interest paid | | (12.6) | (13.0) | (25.6) |
| Net cash used in financing activities | | (48.8) | (45.3) | (83.3) |
| Net (decrease) / increase in cash and cash equivalents | | (69.6) | 98.4 | 180.9 |
| Cash and cash equivalents at the beginning of the period / year | | 494.6 | 313.7 | 313.7 |
| Cash and cash equivalents at the end of the period / year | | 425.0 | 412.1 | 494.6 |

Notes to the consolidated financial statements

1. Basis of preparation

Genel Energy Plc – registration number: 107897 (the Company), is a public limited company incorporated and domiciled in Jersey with a listing on the London Stock Exchange. The address of its registered office is 12 Castle Street, St Helier, Jersey, JE2 3RT.

The half-year condensed consolidated financial statements for the six months ended 30 June 2023 are unaudited and have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, with Article 106 of the Companies (Jersey) Law 1991 and with IAS 34 'Interim Financial Reporting' as adopted by the European Union and were approved for issue on 1 August 2023. They do not comprise statutory accounts within the meaning of Article 105 of the Companies (Jersey) Law 1991. The half-year condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS as adopted by the European Union. The same accounting policies and methods of computation are followed in the interim financial report as compared with the 31 December 2022 annual financial statements. The annual financial statements for the year ended 31 December 2022 were approved by the board of directors on 21 March 2023. The report of the auditors was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under the Article 113A of Companies (Jersey) Law 1991. The financial information for the year to 31 December 2022 has been extracted from the audited accounts.

Items included in the financial information of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollars to the nearest million (\$ million) rounded to one decimal place, except where otherwise indicated.

Going concern

The Company regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants by considering multiple combinations of oil price, discount rates, production volumes, payments, capital and operational spend scenarios.

The Company has reported cash of \$425.0 million, with no debt maturing until the second half of 2025 and significant headroom on both the equity ratio and minimum liquidity financial covenants.

The Federal Iraq Supreme Court majority decision in February 2022 regarding the Kurdistan Oil and Gas Law (2007) and the subsequent actions taken by the Federal Minister of Oil in Baghdad Commercial Court did not have a significant impact on the Company's operations.

However, since then, the International Chamber of Commerce in Paris ruling in favour of Iraq in the long running arbitration case against Türkiye concerning the Iraqi-Turkish pipeline agreement signed in 1973, resulted in Türkiye suspending exports through the pipeline since 25 March 2023. The KRG has consistently reiterated that it will pay IOCs all that it owes and fulfil its contractual commitments under the PSCs. Management assess that exports and payments will resume and the going concern status of the business remains appropriate. To test the resilience of the business model, an extreme downside scenario is considered where no proceeds for the overdue or new invoices until the end of HY 2024. Breach of covenants risk is assessed as remote in this scenario.

Once production and payments restart, the Company's low-cost assets and flexibility on commitment of capital mean that it is resilient to low oil prices, with the only customer, the KRG, demonstrating its ability to pay consistently in times of financial stress.

Longer term, our low-cost, low-carbon assets, located in a region where oil revenues provide a material proportion of funding to the government and its people means that we are well positioned to address the appropriate challenges and demands that climate change initiatives are bringing to the sector. Given the footprint and the benefit to society generated, we see our portfolio as being well-positioned for a future of fewer and better natural resources projects, while the global energy mix continues to require hydrocarbons.

As a result, the Directors have assessed that the Company's forecast liquidity provides adequate headroom over its forecast expenditure for the 12 months following the signing of the half-year condensed consolidated financial statements for the period ended 30 June 2023 and consequently that the Company is considered a going concern.

2. Summary of significant accounting policies

The accounting policies adopted in preparation of these half-year condensed consolidated financial statements are consistent with those used in preparation of the annual financial statements for the year ended 31 December 2022.

The preparation of these half-year condensed consolidated financial statements in accordance with IFRS requires the Company to make judgements and assumptions that affect the reported results, assets and liabilities. Where judgements and estimates are made, there is a risk that the actual outcome could differ from the judgement or estimate made. The Company has assessed the following as being areas where changes in judgements or estimates could have a significant impact on the financial statements.

Significant estimates

The following are the critical estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Estimation of hydrocarbon reserves and resources and associated production profiles and costs

Estimates of hydrocarbon reserves and resources are inherently imprecise and are subject to future revision. The Company's estimation of the quantum of oil and gas reserves and resources and the timing of its production, cost and monetisation impact the Company's financial statements in a number of ways, including: testing recoverable values for impairment; the calculation of depreciation, amortisation and assessing the cost and likely timing of decommissioning activity and associated costs. This estimation also impacts the assessment of going concern.

Proved and probable reserves are estimates of the amount of hydrocarbons that can be economically extracted from the Company's assets. The Company estimates its reserves using standard recognised evaluation techniques which are based on Petroleum Resources Management System 2018. Assets assessed as having proven and probable reserves are generally classified as property, plant and equipment as development or producing assets and depreciated using the units of production methodology. The Company considers its best estimate for future production and quantity of oil within an asset based on a combination of internal and external evaluations and uses this as the basis of calculating depreciation and amortisation of oil and gas assets and testing for impairment under IAS 36.

Hydrocarbons that are not assessed as reserves are considered to be resources and the related assets are classified as exploration and evaluation assets. These assets are expenditures incurred before technical feasibility and commercial viability is demonstrable. Estimates of resources for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and being depleted and are likely to contain estimates and judgements with a wide range of possibilities. These assets are considered for impairment under IFRS 6.

Once a field commences production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Assessment of reserves and resources are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves.

Change in accounting estimate

Where the Company has updated its estimated reserves and resources any required disclosure of the impact on the financial statements is provided in the following sections.

Estimation of oil and gas asset values (note 8 and 9)

Estimation of the asset value of oil and gas assets is calculated from a number of inputs that require varying degrees of estimation. Principally oil and gas assets are valued by estimating the future cash flows based on a combination of reserves and resources, costs of appraisal, development and production, production profile and future sales price and discounting those cash flows at an appropriate discount rate.

Future costs of appraisal, development and production are estimated taking into account the level of development required to produce those reserves and are based on past costs, experience and data from similar

assets in the region, future petroleum prices and the planned development of the asset. However, actual costs may be different from those estimated.

Discount rate is assessed by the Company using various inputs from market data, external advisers and internal calculations. A post tax nominal discount rate of 14% derived from the Company's weighted average cost of capital (WACC) is used when assessing the impairment testing of the Company's oil assets at year-end. Risking factors are also used alongside the discount rate when the Company is assessing exploration and appraisal assets.

Estimation of future oil price and netback price

The estimation of future oil price has a significant impact throughout the financial statements, primarily in relation to the estimation of the recoverable value of property, plant and equipment and intangible assets. It is also relevant to the assessment of ECL and going concern.

The Company's forecast of average Brent oil price for future years is based on a range of publicly available market estimates and is summarised in the table below.

| \$/bbl | 2023 | 2024 | 2025 | 2026 |
|------------------------|-----------|-----------|-----------|-----------|
| HY2023 forecast | 82 | 78 | 74 | 70 |
| <i>FY2022 forecast</i> | <i>82</i> | <i>78</i> | <i>74</i> | <i>70</i> |
| <i>HY2022 forecast</i> | <i>90</i> | <i>80</i> | <i>70</i> | <i>70</i> |

The netback price is used to value the Company's revenue, trade receivables and its forecast cash flows used for impairment testing. It is the aggregation of reference oil price average less transportation costs, handling costs and quality adjustments. Effective from 1 September 2022, sales have been priced by the MNR under a new pricing formula based on the realised sales price for Kurdistan blend crude ('KBT') during the delivery month, rather than on dated Brent. The Company does not have direct visibility on the components of the netback price realised for its oil because sales are managed by the KRG, but invoices are currently raised for payments on account using a netback price provided by the KRG. Due to lack of this visibility, the Company has used an estimated c.\$12/bbl discount on its Brent forecast based on the realised price in 2023 for its impairment testing. A sensitivity analysis of netback price on producing asset values has been provided in note 9.

Change in accounting estimate – Sarta PSC (note 9)

At 31 December 2022, the Company's assessment on the recoverable value of the Sarta PSC had resulted with an impairment expense of \$125.5 million following the disappointing results of the two appraisal well and pilot production.

In 2023, the Company has informed the KRG of its intention to exit the Sarta licence as it sees no line of sight on either making the extant production profitable or the combination of macro and asset specific conditions supporting risking of further capital. Therefore, the remaining recoverable value of the Sarta PSC has been reduced to nil and an impairment expense of \$17.7 million has been booked at 30 June 2023.

Estimation of the recoverable value of deferred receivables and trade receivables (note 10)

As of 31 December 2022, all amounts owed for deferred receivables have been collected and as a result the Company has released the expected credit loss (ECL) provision of \$10.8 million and booked another \$4.6 million ECL provision for the outstanding five months of export payments.

As of 30 June 2023, the Company is owed six months of payments. Management has compared the carrying value of trade receivables with the present value of the estimated future cash flows based on a discount rate of 14% and a number of collection scenarios. The ECL is the weighted average of these scenarios and is recognised in the income statement. The weighting is applied based on expected repayment timing by considering the recovery of previous deferred receivables. The result of this assessment is an ECL provision of \$14.5 million. Sensitivity of the calculation to difference scenarios has been provided in note 10.

Other estimates

The following are the other estimates that the directors have made in the process of applying the Company's accounting policies and that have effect on the amounts recognised in the financial statements.

Decommissioning provision

Decommissioning provisions are calculated from a number of inputs such as costs to be incurred in removing production facilities and site restoration at the end of the producing life of each field which is considered as the

mid-point of a range of cost estimation. These inputs are based on the Company's best estimate of the expenditure required to settle the present obligation at the end of the period inflated at 2% (2022: 2%) and discounted at 4% (2022: 4%). 10% increase in cost estimates would increase the existing provision by c.\$5 million and 1% increase in discount rate would decrease the existing provision by c.\$4 million, the combined impact would be c.\$1 million. The cash flows relating to the decommissioning and abandonment provisions are expected to occur between 2028 and 2036.

Taxation

Under the terms of KRI PSC's, corporate income tax due is paid on behalf of the Company by the KRG from the KRG's own share of revenues, resulting in no corporate income tax payment required or expected to be made by the Company. It is not known at what rate tax is paid, but it is estimated that the current tax rate would be between 15% and 40%. If this was known, it would result in a gross up of revenue with a corresponding debit entry to taxation expense with no net impact on the income statement or on cash. In addition, it would be necessary to assess whether any deferred tax asset or liability was required to be recognised.

New standards

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2023. Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021), Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021), Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021), Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021), IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) . These standards did not have a material impact on the Company's results or financial statements disclosures in the current reporting period.

The following new accounting standards, amendments to existing standards and interpretations have been issued but are not yet effective and/or have not yet been endorsed by the EU: Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023), Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023), Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and Non-current Liabilities with Covenants (issued on 31 October 2022), Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022). Nothing has been early adopted, and these standards are not expected to have a material impact on the Company's results or financials statement disclosures in the periods they become effective.

3. Segmental information

The Company has two reportable business segments: Production and Pre-production. Capital allocation decisions for the production segment are considered in the context of the cash flows expected from the production and sale of crude oil. The production segment is comprised of the producing fields on the Tawke PSC (Tawke and Peshkibir), the Taq Taq PSC (Taq Taq) and the Sarta PSC (Sarta) which are located in the KRI and make sales predominantly to the KRG. The pre-production segment is comprised of discovered resource held under the Qara Dagh PSC (written-off in 2022) located in the KRI and exploration activity, principally located in Somaliland and Morocco. 'Other' includes corporate assets, liabilities and costs, elimination of intercompany receivables and intercompany payables, which are non-segment items.

For the 6-month period ended 30 June 2023

| | Production \$m | Pre- production \$m | Other \$m | Total \$m |
|--|-------------------|---------------------------|--------------|--------------|
| Revenue from contracts with customers | 49.5 | - | - | 49.5 |
| Revenue from other sources | 1.8 | - | - | 1.8 |
| Cost of sales | (48.9) | - | - | (48.9) |
| Gross profit | 2.4 | - | - | 2.4 |
| Exploration expense | - | (0.3) | - | (0.3) |
| Impairment of property, plant and equipment | (17.7) | - | - | (17.7) |
| Net impairment of receivables | (9.9) | - | - | (9.9) |
| General and administrative costs | - | - | (10.2) | (10.2) |
| Operating loss | (25.2) | (0.3) | (10.2) | (35.7) |
| <i>Operating loss is comprised of</i> | | | | |
| <i>EBITDAX</i> | 29.6 | - | (10.2) | 19.4 |
| <i>Depreciation and amortisation</i> | (27.2) | - | - | (27.2) |
| <i>Exploration expense</i> | - | (0.3) | - | (0.3) |
| <i>Impairment of property, plant and equipment</i> | (17.7) | - | - | (17.7) |
| <i>Net impairment of receivables</i> | (9.9) | - | - | (9.9) |
| Finance income | - | - | 10.5 | 10.5 |
| Bond interest expense | - | - | (12.7) | (12.7) |
| Other finance expense | (1.7) | - | (1.1) | (2.8) |
| Loss before income tax | (26.9) | (0.3) | (13.5) | (40.7) |
| Capital expenditure | 43.5 | 4.0 | - | 47.5 |
| Total assets | 412.6 | 29.4 | 413.2 | 855.2 |
| Total liabilities | (99.1) | (18.6) | (280.9) | (398.6) |

Total assets and liabilities in the 'Other' column are predominantly cash and debt balances.

For the 6-month period ended 30 June 2022

| | Production \$m | Pre- production \$m | Other \$m | Total \$m |
|--|-------------------|---------------------------|--------------|--------------|
| Revenue from contracts with customers | 238.8 | - | - | 238.8 |
| Revenue from other sources | 6.8 | - | - | 6.8 |
| Cost of sales | (108.4) | - | - | (108.4) |
| Gross profit | 137.2 | - | - | 137.2 |
| Reversal of impairment of receivables | 10.8 | - | 2.0 | 12.8 |
| General and administrative costs | - | - | (9.3) | (9.3) |
| Operating profit / (loss) | 148.0 | - | (7.3) | 140.7 |
| <i>Operating profit / (loss) is comprised of</i> | | | | |
| <i>EBITDAX</i> | 221.5 | - | (9.2) | 212.3 |
| <i>Depreciation and amortisation</i> | (84.3) | - | (0.1) | (84.4) |
| <i>Reversal of impairment of receivables</i> | 10.8 | - | 2.0 | 12.8 |
| Finance income | - | - | 0.5 | 0.5 |
| Bond interest expense | - | - | (13.0) | (13.0) |
| Other finance expense | (1.2) | (0.1) | (0.8) | (2.1) |
| Profit / (Loss) before income tax | 146.8 | (0.1) | (20.6) | 126.1 |
| Capital expenditure | 68.4 | 6.3 | - | 74.7 |
| Total assets | 626.1 | 97.1 | 381.4 | 1,104.6 |
| Total liabilities | (120.5) | (17.6) | (289.9) | (428.0) |

Revenue from contracts with customers includes \$79.5 million arising from the 4.5% royalty interest on gross Tawke PSC revenue ("the ORRI").

Total assets and liabilities in the 'Other' column are predominantly cash and debt balances.

For the 12-month period ended 31 December 2022

| | Production \$m | Pre- production \$m | Other \$m | Total \$m |
|--|-------------------|---------------------------|--------------|--------------|
| Revenue from contracts with customers | 419.5 | - | - | 419.5 |
| Revenue from other sources | 13.2 | - | - | 13.2 |
| Cost of sales | (200.2) | - | - | (200.2) |
| Gross profit | 232.5 | - | - | 232.5 |
| Exploration expense | - | (1.0) | - | (1.0) |
| Net write-off of intangible asset | - | (75.8) | - | (75.8) |
| Impairment of property, plant and equipment | (125.5) | - | - | (125.5) |
| Reversal of impairment of receivables | 10.8 | - | 2.0 | 12.8 |
| Impairment of receivables | (4.6) | - | - | (4.6) |
| General and administrative costs | - | - | (20.1) | (20.1) |
| Operating profit / (loss) | 113.2 | (76.8) | (18.1) | 18.3 |
| <i>Operating profit / (loss) is comprised of</i> | | | | |
| <i>EBITDAX</i> | 381.6 | - | (20.0) | 361.6 |
| <i>Depreciation and amortisation</i> | (149.1) | - | (0.1) | (149.2) |
| <i>Exploration expense</i> | - | (1.0) | - | (1.0) |
| <i>Net write-off of intangible assets</i> | - | (75.8) | - | (75.8) |
| <i>Impairment of property, plant and equipment</i> | (125.5) | - | - | (125.5) |
| <i>Reversal of impairment of receivables</i> | 10.8 | - | 2.0 | 12.8 |
| <i>Impairment of receivables</i> | (4.6) | - | - | (4.6) |
| Finance income | - | - | 6.7 | 6.7 |
| Bond interest expense | - | - | (25.9) | (25.9) |
| Other finance expense | (3.3) | (0.4) | (2.5) | (6.2) |
| Profit / (Loss) before income tax | 109.9 | (77.2) | (39.8) | (7.1) |
| Capital expenditure | 133.4 | 9.7 | - | 143.1 |
| Total assets | 447.3 | 23.5 | 472.7 | 943.5 |
| Total liabilities | (111.9) | (17.7) | (286.1) | (415.7) |

Revenue from contracts with customers includes \$94.5 million arising from the ORRI and \$34.7 million in relation to the suspended ORRI.

Total assets and liabilities in the 'Other' column are predominantly cash and debt balances.

4. Operating (loss) / profit

| | 6 months to 30 June 2023 \$m | 6 months to 30 June 2022 \$m | Year to 31 December 2022 \$m |
|--|---|---------------------------------------|---------------------------------------|
| Operating costs | (21.6) | (23.9) | (50.7) |
| Trucking costs | (0.1) | (0.2) | (0.4) |
| Production cost | (21.7) | (24.1) | (51.1) |
| Depreciation of oil and gas property, plant and equipment (excl. RoU assets) | (24.7) | (56.3) | (109.9) |
| Amortisation of oil and gas intangible assets | (2.5) | (28.0) | (39.2) |
| Cost of sales | (48.9) | (108.4) | (200.2) |
| Exploration expense | (0.3) | - | (1.0) |
| Write-off of intangible assets (note 8) | - | - | (78.0) |
| Net reversal of accruals | - | - | 2.2 |
| Net write-off of intangible assets | - | - | (75.8) |
| Impairment of property, plant and equipment (note 2,9) | (17.7) | - | (125.5) |
| Reversal of impairment of other receivables | - | - | 2.0 |
| Reversal of impairment of trade receivables (note 2,10) | 4.6 | 12.8 | 10.8 |
| Impairment of receivables (note 2,10) | (14.5) | - | (4.6) |
| Corporate cash costs | (9.1) | (8.6) | (18.1) |
| Other operating expenses | (0.2) | - | (1.1) |
| Corporate share-based payment expense | (0.9) | (0.6) | (0.8) |
| Depreciation and amortisation of corporate assets (excl. RoU assets) | - | (0.1) | (0.1) |
| General and administrative expenses | (10.2) | (9.3) | (20.1) |

Trucking costs are not cost-recoverable and relate to the Sarta licence only.

5. Finance expense and income

| | 6 months to 30 June 2023 \$m | 6 months to 30 June 2022 \$m | Year to 31 December 2022 \$m |
|----------------------------------|---|---------------------------------------|---------------------------------------|
| Bond interest | (12.7) | (13.0) | (25.9) |
| Other finance expense (non-cash) | (2.8) | (2.1) | (6.2) |
| Finance expense | (15.5) | (15.1) | (32.1) |
| Bank interest income | 10.5 | 0.5 | 6.7 |
| Finance income | 10.5 | 0.5 | 6.7 |
| Net finance expense | (5.0) | (14.6) | (25.4) |

Bond interest payable is the cash interest cost of the Company's bond debt. Other finance expense (non-cash) primarily relates to the discount unwind on the bond and the asset retirement obligation provision.

6. Income tax expense

Current tax expense is incurred on profits of service companies. Under the terms of the KRI PSCs, the Company is not required to pay any cash corporate income taxes as explained in note 2.

7. (Loss) / Earnings per share**Basic**

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit attributable to owners of the parent by the weighted average number of shares in issue during the period.

| | 6 months to 30 June 2023 | 6 months to 30 June 2022 | Year to 31 December 2022 |
|--|---|--------------------------------|--------------------------------|
| (Loss) / Profit attributable to owners of the parent (\$m) | (40.7) | 126.1 | (7.3) |
| Weighted average number of ordinary shares – number ¹ | 278,923,402 | 277,842,136 | 278,654,909 |
| Basic (loss) / earnings per share – cents per share | (14.6) | 45.4 | (2.6) |

¹ Excluding shares held as treasury shares

Diluted

The Company purchases shares in the market to satisfy share plan requirements so diluted earnings per share is adjusted for performance shares, restricted shares, share options and deferred bonus plans not included in the calculation of basic earnings per share. Because the Company reported a loss for the period ended 30 June 2023, the performance shares, restricted shares and share options are anti-dilutive and therefore diluted LPS is the same as basic LPS:

| | 6 months to 30 June 2023 | 6 months to 30 June 2022 | Year to 31 December 2022 |
|---|---|--------------------------------|--------------------------------|
| (Loss) / Profit attributable to owners of the parent (\$m) | (40.7) | 126.1 | (7.3) |
| Weighted average number of ordinary shares – number ¹ | 278,923,402 | 277,842,136 | 278,654,909 |
| Adjustment for performance shares, restricted shares, share options and deferred bonus plans | - | 2,222,629 | - |
| Weighted average number of ordinary shares and potential ordinary shares | 278,923,402 | 280,064,765 | 278,654,909 |
| Diluted (loss) / earnings per share – cents per share | (14.6) | 45.0 | (2.6) |

¹ Excluding shares held as treasury shares

8. Intangible assets

| | Exploration and evaluation assets \$m | Tawke RSA \$m | Other assets \$m | Total \$m |
|--|--|-------------------------|------------------------|----------------|
| Cost | | | | |
| At 1 January 2022 | 81.4 | 425.1 | 7.5 | 514.0 |
| Additions | 6.3 | - | - | 6.3 |
| At 30 June 2022 | 87.7 | 425.1 | 7.5 | 520.3 |
| At 1 January 2022 | 81.4 | 425.1 | 7.5 | 514.0 |
| Additions | 9.7 | - | - | 9.7 |
| Write-off in the year | (78.0) | - | - | (78.0) |
| Other | (0.2) | - | - | (0.2) |
| At 31 December 2022 and 1 January 2023 | 12.9 | 425.1 | 7.5 | 445.5 |
| Additions | 4.0 | - | - | 4.0 |
| Other | (0.2) | - | - | (0.2) |
| At 30 June 2023 | 16.7 | 425.1 | 7.5 | 449.3 |
| Accumulated amortisation and impairment | | | | |
| At 1 January 2022 | - | (319.7) | (7.5) | (327.2) |
| Amortisation charge for the period | - | (28.0) | - | (28.0) |
| At 30 June 2022 | - | (347.7) | (7.5) | (355.2) |
| At 1 January 2022 | - | (319.7) | (7.5) | (327.2) |
| Amortisation charge for the year | - | (39.2) | - | (39.2) |
| At 31 December 2022 and 1 January 2023 | - | (358.9) | (7.5) | (366.4) |
| Amortisation charge for the period | - | (2.5) | - | (2.5) |
| At 30 June 2023 | - | (361.4) | (7.5) | (368.9) |
| Net book value | | | | |
| At 1 January 2022 | 81.4 | 105.4 | - | 186.8 |
| At 30 June 2022 | 87.7 | 77.4 | - | 165.1 |
| At 31 December 2022 and 1 January 2023 | 12.9 | 66.2 | - | 79.1 |
| At 30 June 2023 | 16.7 | 63.7 | - | 80.4 |
| | | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
| Book value | | \$m | \$m | \$m |
| Somaliland PSC | <i>Exploration</i> | 16.7 | 11.0 | 12.9 |
| Qara Dagh PSC | <i>Exploration / Appraisal</i> | - | 76.7 | - |
| Exploration and evaluation assets | | 16.7 | 87.7 | 12.9 |
| Tawke overriding royalty | | - | 5.2 | - |
| Tawke capacity building payment waiver | | 63.7 | 72.2 | 66.2 |
| Tawke RSA assets | | 63.7 | 77.4 | 66.2 |

9. Property, plant and equipment

| | Producing assets \$m | Other assets \$m | Total \$m |
|--|----------------------------|------------------------|------------------|
| Cost | | | |
| At 1 January 2022 | 3,117.2 | 17.1 | 3,134.3 |
| Net additions | 64.0 | 0.9 | 64.9 |
| Other ¹ | 3.6 | - | 3.6 |
| At 30 June 2022 | 3,184.8 | 18.0 | 3,202.8 |
| At 1 January 2022 | 3,117.2 | 17.1 | 3,134.3 |
| Net additions | 129.1 | 0.9 | 130.0 |
| Right-of-use assets | - | (0.4) | (0.4) |
| Other ¹ | 5.9 | - | 5.9 |
| At 31 December 2022 and 1 January 2023 | 3,252.2 | 17.6 | 3,269.8 |
| Net additions | 43.5 | (0.1) | 43.4 |
| Other ¹ | 2.0 | - | 2.0 |
| At 30 June 2023 | 3,297.7 | 17.5 | 3,315.2 |
| Accumulated depreciation and impairment | | | |
| At 1 January 2022 | (2,769.2) | (12.6) | (2,781.8) |
| Depreciation charge for the period | (57.7) | (0.9) | (58.6) |
| At 30 June 2022 | (2,826.9) | (13.5) | (2,840.4) |
| At 1 January 2022 | (2,769.2) | (12.6) | (2,781.8) |
| Depreciation charge for the year | (112.8) | (1.6) | (114.4) |
| Impairment (note 2) | (125.5) | - | (125.5) |
| At 31 December 2022 and 1 January 2023 | (3,007.5) | (14.2) | (3,021.7) |
| Depreciation charge for the period | (26.0) | (0.6) | (26.6) |
| Impairment (note 2) | (17.7) | - | (17.7) |
| At 30 June 2023 | (3,051.2) | (14.8) | (3,066.0) |
| Net book value | | | |
| At 1 January 2022 | 348.0 | 4.5 | 352.5 |
| At 30 June 2022 | 357.9 | 4.5 | 362.4 |
| At 31 December 2022 and 1 January 2023 | 244.7 | 3.4 | 248.1 |
| At 30 June 2023 | 246.5 | 2.7 | 249.2 |

¹ Other line includes non-cash asset retirement obligation provision and share-based payment costs.

| | 30 June 2023 \$m | 30 June 2022 \$m | 31 Dec 2022 \$m |
|---|------------------------|------------------------|-----------------------|
| Book value | | | |
| Tawke PSC <i>Oil production</i> | 215.2 | 197.1 | 199.1 |
| Taq Taq PSC <i>Oil production</i> | 31.3 | 31.8 | 28.8 |
| Sarta PSC <i>Oil production/development</i> | - | 129.0 | 16.8 |
| Producing assets | 246.5 | 357.9 | 244.7 |

An impairment review was conducted by Management and the Board which resulted in a reduction in the carrying value of the Sarta PSC to nil and in an impairment expense of \$17.7 million as of 30 June 2023. Further explanation is provided in note 2.

The sensitivities below provide an indicative impact on net asset value of a change in netback price, discount rate, production or pipeline reopening, assuming no change to any other inputs.

| Sensitivities | Taq Taq \$m | Tawke \$m |
|---------------------------|------------------------|----------------------|
| Netback price +/- \$5/bbl | +/- 2 | +/- 29 |
| Discount rate +/- 1% | +/- 0 | +/- 8 |
| Production +/- 10% | +/- 2 | +/- 31 |

10. Trade and other receivables

| | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
|-----------------------------------|-------------------------|-----------------|----------------|
| | \$m | \$m | \$m |
| Trade receivables – current | 95.1 | 157.0 | 117.0 |
| Other receivables and prepayments | 5.5 | 8.0 | 4.7 |
| | 100.6 | 165.0 | 121.7 |

As of 30 June 2023, the Company is owed six months of payments (31 December 2022: five months).

| | Period when sale made | | | | | Total nominal \$m | ECL provision \$m | Trade receivables \$m |
|---------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------|----------------------------------|----------------------------------|--------------------------------------|
| | Not due \$m | Overdue 2023 \$m | Overdue 2022 \$m | Deferred receivables | | | | |
| | | | | 2020 \$m | 2019 \$m | | | |
| 30 June 2022 | 126.5 | - | - | 30.5 | - | 157.0 | - | 157.0 |
| 31 December 2022 | 60.7 | - | 44.4 | 16.5 | - | 121.6 | (4.6) | 117.0 |
| 30 June 2023 | - | 49.3 | 60.3 | - | - | 109.6 | (14.5) | 95.1 |

| | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
|---|-------------------------|-----------------|----------------|
| | \$m | \$m | \$m |
| Movement on trade receivables in the period | | | |
| Carrying value at the beginning of the period | 117.0 | 158.1 | 158.1 |
| Revenue from contracts with customers | 49.5 | 238.8 | 384.8 |
| Revenue recognised for suspended ORRI | - | - | 34.7 |
| Cash proceeds | (61.2) | (254.0) | (473.3) |
| Cash for local sales | (0.6) | - | - |
| Offset of payables due to the KRG | - | - | (0.1) |
| Reversal of previous year's expected credit loss (note 2) | 4.6 | - | 10.8 |
| Expected credit loss for current period (note 2) | (14.5) | 10.8 | (4.6) |
| Capacity building payments | 0.2 | 3.3 | 5.2 |
| Sarta processing fee payments | 0.1 | - | 1.4 |
| Carrying value at the end of the period | 95.1 | 157.0 | 117.0 |

Recovery of the carrying value of the receivable

The Company expects to recover the full nominal value of \$109.6 million receivables owed from the KRG, but the terms of recovery are not determined. An explanation of the assumptions and estimates in assessing the net present value of the deferred receivables are provided in note 2.

| | Total \$m |
|---|----------------------|
| Nominal balance to be recovered | 109.6 |
| Estimated net present value of total cash flows | 95.1 |

Sensitivities/Scenarios

The table below shows the sensitivity of the net present value of the overdue trade receivables to start and timing of repayment that the company has used during its ECL assessment. Each scenario has been weighted in accordance with the management's expected outcome.

| NPV14.0 (\$m) | | Months it takes to recover the nominal amount owed | | | | | | | | |
|---|----------|---|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| | | 0 | 3 | 6 | 9 | 12 | 15 | 18 | 21 | 24 |
| Months until repayment commences | 0 | 110 | 107 | 105 | 104 | 102 | 101 | 99 | 97 | 96 |
| | 3 | 106 | 105 | 103 | 102 | 100 | 98 | 97 | 95 | 94 |
| | 6 | 103 | 102 | 100 | 98 | 97 | 95 | 94 | 92 | 91 |
| | 9 | 99 | 98 | 97 | 95 | 94 | 92 | 91 | 89 | 88 |

11. Interest bearing loans and net cash

| | 1 Jan 2023 \$m | Discount unwind \$m | Repurchase \$m | Dividend paid \$m | Net other changes \$m | 30 June 2023 \$m |
|-------------------------------|----------------------|---------------------------|-------------------|-------------------------|-----------------------------|------------------------|
| 2025 Bond 9.25% (non-current) | (266.6) | (1.1) | 0.9 | - | - | (266.8) |
| Cash | 494.6 | - | (1.0) | (33.5) | (35.1) | 425.0 |
| Net cash | 228.0 | (1.1) | (0.1) | (33.5) | (35.1) | 158.2 |

As of 30 June 2023, the fair value of the \$273 million of bonds held by third parties is \$256.6 million (30 June 2022: \$276.6 million, 31 December 2022: \$257.6 million).

The Company repurchased \$1 million of its existing \$274 million senior unsecured bond at a price equal to 95% of the nominal amount.

The bonds maturing in 2025 have two financial covenant maintenance tests:

| Financial covenant | Test | H1 2023 | H1 2022 | FY 2022 |
|--|---------|-----------------|----------|----------|
| Equity ratio (Total equity/Total assets) | > 40% | 53% | 61% | 56% |
| Minimum liquidity | > \$30m | \$425.0m | \$412.1m | \$494.6m |

| | 1 Jan 2022 \$m | Discount unwind \$m | Dividend paid \$m | Net other changes \$m | 30 June 2022 \$m |
|-------------------------------|----------------------|---------------------------|-------------------------|-----------------------------|------------------------|
| 2025 Bond 9.25% (non-current) | (269.8) | (1.0) | - | - | (270.8) |
| Cash | 313.7 | - | (32.3) | 130.7 | 412.1 |
| Net cash | 43.9 | (1.0) | (32.3) | 130.7 | 141.3 |

| | 1 Jan 2022 \$m | Discount unwind \$m | Repurchase \$m | Dividend paid \$m | Net other changes \$m | 31 Dec 2022 \$m |
|-------------------------------|----------------------|---------------------------|-------------------|-------------------------|-----------------------------|-----------------------|
| 2025 Bond 9.25% (non-current) | (269.8) | (2.5) | 5.7 | - | - | (266.6) |
| Cash | 313.7 | - | (6.0) | (47.9) | 234.8 | 494.6 |
| Net cash | 43.9 | (2.5) | (0.3) | (47.9) | 234.8 | 228.0 |

12. Capital commitments

Under the terms of its production sharing contracts ('PSC's) and joint operating agreements ('JOA's), the Company has certain commitments that are generally defined by activity rather than spend. The Company's capital programme for the next few years is explained in the operating review and is in excess of the activity required by its PSCs and JOAs.

INDEPENDENT REVIEW REPORT TO GENEL ENERGY PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting” and the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the notes to the interim financial statements.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“ISRE (UK) 2410”). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” and the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority and the Companies (Jersey) Law 1991.

In preparing the half-yearly financial report, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London
1 August 2023

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