

24 January 2024

Genel Energy plc Trading and operations update

Genel Energy plc ('Genel' or 'the Company') issues the following trading and operations update in advance of the Company's full-year 2023 results, which are scheduled for release on 26 March 2024. The information contained herein has not been audited and may be subject to further review.

Paul Weir, Chief Executive of Genel, said:

“Since the suspension of exports through the Iraq-Türkiye pipeline in March last year, we have reshaped the business to provide long-term resilience and maximise potential upside exposure for shareholders.

We have cut all non-essential activity and significantly reduced spend, while developing a new source of income through domestic sales. We have well over a hundred million dollars in net cash, and expect to be in a position where domestic proceeds, if sustained at levels seen in the fourth quarter of 2023, would mean that our income covers our ongoing costs from March onwards, once Sarta and the arbitration hearing workstreams are complete. We also continue to work hard to add new assets to increase and diversify our income streams.

The past six months have included significant work, and effective spend, on efficiently closing out our activity on Sarta and minimising our footprint and cost base in Kurdistan. Our workforce has been reduced by over two thirds in the year. We have progressed civils work in Somaliland, and we continue to defend shareholder value as we progress our arbitration claim regarding the Miran and Bina Bawi oil and gas assets.

There is real potential in 2024 for significant improvement in cash generation and delivery of shareholder value from multiple catalysts – the resumption of exports and regular payments, clarity on the timing of the recovery of \$107 million of receivables, delivery on our strategy to add new assets to diversify our production portfolio, and a successful arbitration result and subsequent collection.”

2023 PERFORMANCE

- Zero lost time incidents in 2023, matching the performance of 2022, with over four million hours worked since the last lost time incident
- Net production of 12,410 bopd in 2023 (30,150 bopd in 2022), following the closure of the Iraq-Türkiye pipeline ('ITP') in March, with minimal sales between April and August inclusive and the subsequent development of domestic sales
- Total proceeds of \$101 million (2022: \$473 million):
 - \$61 million export sales proceeds relating to sales made in August and September 2022
 - \$40 million domestic sales proceeds in H2 2023, of which \$26 million was received in Q4 2023 as volumes improved from Q3 2023
- \$107 million remains overdue from the Kurdistan Regional Government ('KRG') for oil sales from October 2022 to March 2023 inclusive
- Capital expenditure of \$71 million, of which \$24 million was in H2, as Genel cut activity and costs in an appropriate manner for the external environment
- Free cash outflow of \$72 million (2022: positive free cash flow of \$235 million)
- Bond debt reduced by \$26 million nominal at an average price below 95¢
- Dividends totalling 12¢ per share paid in 2023 (2022: 18¢ per share), a total distribution of \$33.5 million. Due to the lack of visibility on the timing of pipeline exports resuming and the re-establishment of a reliable record of payments, Genel has suspended its dividend programme
- Cash of \$363 million at 31 December 2023 (\$495 million at 31 December 2022)
- Net cash under IFRS of \$119 million at 31 December 2023 (\$228 million at 31 December 2022)
 - Total debt of \$248 million at 31 December 2023 (\$274 million at 31 December 2022)

2024 OUTLOOK AND GUIDANCE

- Should local sales continue at similar levels to Q4 2023, the Tawke PSC would generate sufficient funding to cover organisational spend from Q2 onwards
- Organisational spend outside the cash generative Tawke PSC is set to be reduced to around \$3 million per month by the end of Q1, following completion of final remediation work at Sarta and the Miran and Bina Bawi arbitration hearing
- Interest expense is fixed at \$2 million per month, paid half-yearly, with interest income from our cash currently around \$1.5 million per month
- This outlook is expected to maintain net cash above \$100 million throughout 2024, and preserves the financial capability to add new assets

UPDATE ON IRAQ-TÜRKIYE PIPELINE

- The Iraq-Türkiye pipeline ('ITP') shut on 25 March 2023
- While there continue to be positive meetings between relevant parties regarding reopening, there remains a lack of clarity regarding the status and timing of export resumption
- The Association of the Petroleum Industry of Kurdistan ('APIKUR'), of which Genel is a member, remains committed to working with the Federal Government of Iraq and the KRG to resume full production and export through the ITP for the benefit of all stakeholders

ARBITRATION

- The London-seated international arbitration including Genel's claim for substantial compensation from the KRG following the termination of the Miran and Bina Bawi PSCs is progressing. The two-week hearing is scheduled to start in London on 19 February 2024
- The KRG's claim is that the KRG was entitled to terminate the Bina Bawi and Miran PSCs. Genel's claim is that the KRG's termination of the PSCs was repudiatory and, as a consequence, is claiming substantial damages. The KRG is not claiming any damages from Genel
- In total, Genel spent in excess of \$1.4 billion acquiring and attempting to develop the Bina Bawi and Miran fields
- The hearing is confidential and as such we will not be able to update on progress until the Award is received, with the timing of the Award uncertain, but expected in 2024

OPERATIONS

(bopd)	Gross production 2023	Net production 2023	<i>Net production 2022</i>
Tawke	46,280	11,570	26,770
Taq Taq	1,360	600	1,980
Sarta	790	240	1,400
Total	48,430	12,410	30,150

- **Tawke PSC (25% working interest)**
 - Gross production from the Tawke licence increased to 65,780 bopd in Q4 2023, up from 25,980 bopd in Q3, with the field partners selling their entitlement share into the local market
 - In Q4, Genel received proceeds of \$26 million and generated cash flow of \$13 million from the Tawke PSC
- **Sarta (30% working interest and operator).**
 - The Sarta PSC terminated on 1 December 2023. Remediation activity is now complete, at a net cost of \$1 million
- **Taq Taq PSC (44% working interest and joint operator)**
 - There has been no production since 20 May 2023, following closure of the export pipeline. Monthly costs have been reduced to below \$1 million, with further cuts expected

- **Somaliland**
 - Required civil work on the Toosan-1 well site on the SL10B13 block (51% working interest and operator) at this stage of the project is now complete
 - The Company continues to assess the timing of further investment
- **Morocco**
 - The farm-out programme on the Lagzira block (75% working interest and operator) is ongoing

Genel will also host a live presentation on the Investor Meet Company platform today at 1000 GMT. 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>

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This announcement includes inside information.

Notes to editors:

Genel Energy is a socially responsible oil producer listed on the main market of the London Stock Exchange (LSE: GENL, LEI: 549300IVCJDWC3LR8F94). Genel has low-cost and low-carbon production from the Kurdistan Region of Iraq, and continues to seek opportunities to add new resilient and cash-generative assets to its portfolio. For further information, please refer to www.genelenergy.com