

Company Number: 03914068

**THE PARKMEAD GROUP PLC**

Annual Report and Group Accounts

For the year ended 30 June 2022

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# POWERING THE FUTURE

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The Parkmead Group is a UK and Netherlands focused independent energy group listed on AIM of the London Stock Exchange. The Group produces natural gas from a portfolio of four fields across the Netherlands, and holds significant oil and gas interests across the UK and Dutch sectors. The Group also benefits from a portfolio of renewable energy assets including an operational wind farm and a range of complementary renewable energy opportunities.

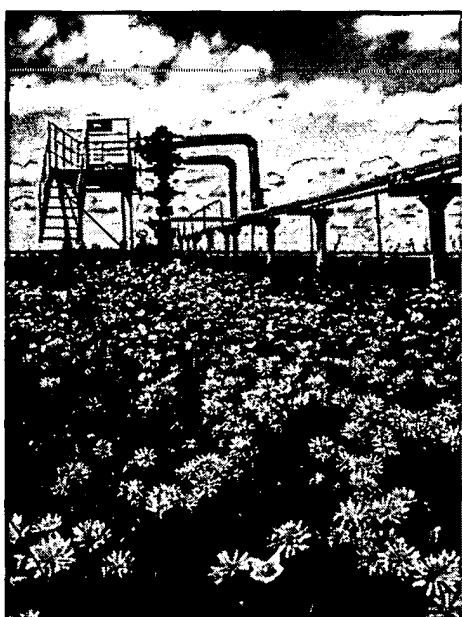
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# Highlights



Parkmead has delivered **strong revenue and gross profit** in 2023 through low-cost gas and renewable energy operations in the Netherlands and UK



**“Parkmead’s balanced operations have served extremely well in delivering strong, stable revenues during the period”**

**Tom Cross**  
Executive Chairman



- 50% Parkmead
- 30% Cal Energy
- 20% Serica Energy



**Record revenue  
of £14.8m**



**Total Assets  
of £28.6m**



**85% gross  
profit margin**



**50% equity in  
exciting Skerryvore  
prospects**



**3 large  
renewable  
energy projects**



**Further  
prospects  
identified  
throughout  
Netherlands  
portfolio**



# Chairman's Statement

## Chairman's Statement

The year to 30 June 2023 has been a challenging one for the energy industry. The UK sector has been facing major uncertainties with respect to government future direction on UKCS oil & gas, and the significant impact of new windfall taxes. The Parkmead team has reviewed its strategic direction, recognising that the global energy landscape is changing. Parkmead understands the need to reduce the industry's carbon footprint and seeks to address the requirement for clean energy. We recognise that profitable business opportunities that arise in the ongoing energy transition away from oil can be used to further investment in clean energy technologies. The Company's portfolio provides a low risk and attractive long term steady cashflow which will underpin the future of Parkmead, as well as provide a platform to monetise the relatively higher risk, but valuable oil & gas prospects.

Parkmead has continued to grow its clean energy asset base, increasing revenue by 22% in the period to £14.77 million. Our Netherlands gas fields have performed very well and the full integration of our acquisition of Kempstone Hill Wind Farm complements the Group by providing another revenue stream.

Our Company now looks forward to an exciting next phase of growth as we build on these two key business areas of renewable energy and natural gas production.

## Netherlands E&P Business

Our Netherlands production remains some of the most efficient and profitable in Europe, on a per-barrel basis. Production across the fields continues to perform well, and gross production averaged 17.5MMscfd, approximately 3,015 barrels of oil equivalent per day (boepd), during the period.

The operating costs of the combined fields is low, and these high-quality assets underpin our Group's outstanding gross profit margin of 85%. This allows the Company to reinvest in further opportunities, particularly given the prospectivity within the Netherlands portfolio. Onshore gas production is considered to play an important role in energy transition policies and we continue to progress further projects on our licences, in line with government strategy.

Excellent progress is being made towards a Papekop field development. The permitting process is underway, with commercial discussions progressing around transportation and offtake. A potential development of the Papekop field would target 35.6 Bcf of gross gas reserves with first production targeted for as early as 2027.

Seismic reprocessing on the highly productive Drenthe VI concession has identified a number of exciting new leads and prospects. Work to mature this portfolio of opportunities has continued throughout 2023, with plans to firm up the JV's exploration strategy for 2024.

The drilling campaign in Q4 2022 resulted in LDS-01 encountering commercial volumes of gas and the well was tied in to the Diever production infrastructure within three months. We are pleased to report that both wells were drilled safely, on time and under budget. Following tie-in and production testing LDS-01 was temporarily shut-in to allow optimisation works to be carried out on the processing facilities due to the higher than anticipated condensate production levels. LDS-01 was recently brought back onstream. LDS-02 was unfortunately unsuccessful in encountering commercial volumes of gas. However, the well information has greatly helped the joint venture's understanding of the regional geology for follow-on prospects. The LDS-02 well has been successfully suspended and is currently being assessed for potential re-entry and sidetrack to other nearby prospects.

## UK Renewable Energy Portfolio

As we benefit from a full year of revenue and electricity generation from Kempstone Hill, the Company continues to identify and analyse further value-adding renewable energy opportunities. Parkmead is investing in the renewables arena alongside our oil and gas projects. This is with the aim of continued diversification as we build a balanced portfolio of energy assets.

Since the integration of Kempstone Hill, we have achieved outstanding operational uptime of 98%, as well as benefitting from a large increase in wholesale electricity export prices. This has resulted in 2,446MWh of electricity being generated and record revenue from the wind farm of £0.7 million during the period.

**“We have achieved  
increased revenues,  
year-on-year for the  
last three years”**

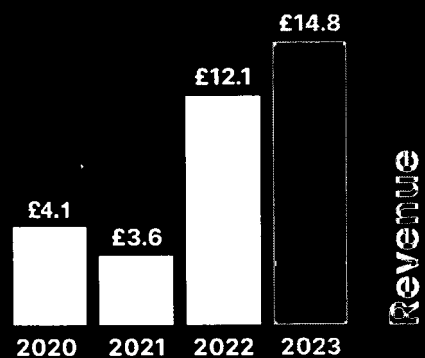
**Tom Cross**

Executive Chairman

16 November 2023

**2023 Revenue**

**£14.8m**



At Pitreadie, commercial discussions continue to progress with potential joint venture partners. Following positive results of initial studies, further environmental surveys and planning work are ongoing in support of a joint venture for a major 100MW wind farm planning application.

Parkmead, through its strategic relationship with EMA, has agreed an option over land at Brachmont where initial screening studies have been completed for a major solar energy project which is in line with the Scottish Government's commitment to install 4-6 GW of solar energy by 2030.

Apart from the organic development of renewable projects, Parkmead is actively seeking opportunities to acquire renewable projects both in production and/or under development.

## UK Oil and Gas Projects

### Greater Perth Area ("GPA")

The UK North Sea upstream industry is facing unprecedented challenges associated with volatile oil and gas prices, ageing infrastructure and rising capital and operating costs. This, combined with the sharp increases in taxation in the last 18 months and the related exodus of key equipment and human resources from the UK North Sea, has resulted in a large number of drilling campaigns and investment decisions on new field developments being delayed, curtailed or cancelled. A further major consideration has been the significant increase in the cost of capital made more difficult by a lack of appetite from traditional funding sources to support oil and gas projects. These factors are affecting all companies active on the UKCS, from major multi-nationals to independents.

The Parkmead team has worked extremely hard in recent years to progress the unique and challenging GPA potential development which included problems handling sour gas through ageing nearby infrastructure. This work included extensive transportation, engineering and processing studies and commercial negotiations with infrastructure owners including INEOS and the Scott Area owners. Latterly, Parkmead was encouraged with the positive initial findings from a NetZero feasibility study, conducted in conjunction with CNOOC and Worley, which demonstrated that a technical solution was possible using the Scott platform for the reinjection of associated sour gas into a nearby depleted reservoir. However, updated development capital costs for Perth, including the significant additional costs of achieving net-zero requirements, climbed to over one billion US dollars.

In addition to large capital requirements, important concerns were highlighted over the longevity of potential nearby host infrastructure, the inability to pursue a stand-alone FPSO development option under the NetZero requirements and, in particular, the recent fiscal changes which has led to a large increase in effective taxation. Such an increase materially damages project economics, undermining the usual risk-reward equation associated with making major offshore oil and gas field investment

decisions. These factors, combined with a lack of public and political support for new oil projects, resulted in a very cautious and conditional approach from industry during partnering discussions. Throughout this in-depth and extensive process, it became clear that without full and committed engagement from industrial partners it was not practical to progress the Perth development to FID, particularly recognising the massive level of capital investment required. The Company therefore relinquished licences P588 and P2154 licences containing the Perth discovery.

### Skerryvore

Skerryvore remains a key focus for Parkmead over the next 12 months. The Company's detailed technical work programme has confirmed the considerable multi-interval potential at Mey and Chalk intervals that the exploration well will target. The licence also contains additional prospectivity at the Ekofisk and Jurassic levels. A successful discovery will result in a tie back to nearby infrastructure in line with the NSTAs MER and Hub Strategy for new developments.

During the period, Parkmead increased its stake in the high-impact Skerryvore project from 30% to 50% and gained regulatory approval to progress into the next phase of the licence. Parkmead's joint venture partners on the licence are Serica Energy (UK) Limited (20%) and CalEnergy (Gas) Limited (30%).

The area around Skerryvore is currently seeing important activity on several fronts, with Harbour Energy now in the execute phase of the adjacent Talbot development project, and NEO Energy proceeding with the redevelopment of Affleck. Further development activity is also taking place in the Norwegian sector in close proximity to Skerryvore, and Tommeliten A came into production recently.

### Gamma East

Despite relinquishing the majority of the GPA licences, Parkmead retained its interest in a key part of P218 which contains the Gamma East prospect with dual targets in the Piper and Scott formations. Following recent technical work, the mean STOIP has been assessed at 9.5mmbbls and 20.8mmbbls for the respective formations with mean recoverable reserves of 4.9mmbbls and 9.5mmbbls respectively. Parkmead has approached nearby infrastructure owners to open discussions on the anticipated processing and transportation tariffs in the event of a successful well.

### UKCS 33rd Offshore Oil and Gas Licensing Round

Despite industry concerns over the imposition of the UK Energy Profits Levy, Parkmead remains committed to the UKCS oil and gas sector. We have therefore made selective applications in the UKCS 33rd Offshore Oil and Gas Licensing Round, to target material value-adding opportunities. The relevant licensing round results are expected to be announced early in 2024.

# 22%

## increase in revenue for the year

### Decommissioning

Parkmead has successfully completed legacy decommissioning liabilities on the UKCS in order to capitalise on lower supply chain costs, agreed with our supply chain partners before significant inflation hit the offshore market. The Company is pleased to report that well plugging and abandonment activities across P218, P1242 and P1293 have been completed safely, on time and on budget. Additionally, post year end the subsea removal scope on P1293 has been successfully completed safely and on budget. The completion of this work leaves Parkmead with no remaining decommissioning liabilities on the UKCS.

### Financial Performance

The Group's revenue for the year to 30 June 2023 increased 22% to £14.77m (2022: £12.13m). The increased revenue in the year reflected excellent operating performance coupled with Dutch TTF gas prices which continued to remain above historical averages. An outstanding gross margin of 85% was realised, resulting in a gross profit of £12.5m (2022: £10.8m). This gross profit demonstrates the continued low-cost, high-performance nature of our asset base across the Netherlands. Parkmead remains 100% unhedged and therefore directly benefits from any higher gas prices.

Operating loss for the year was £35.2 million (2022: £5.2 million profit), because there were £33m (2022: £1.1m) in E&E asset write offs and impairment charges of £13m during the period. These were primarily comprised of carrying values associated with the P588 and P2193 licences in the UK. Loss before tax was recorded of £35.3 million (2022: £5.2 million profit). Due to aggressive taxation imposed by the Dutch Government on gas production during the period, the Group suffered a tax liability of £5.8 million partially offset by £1.1 million movement in deferred tax (2022: £4.7 million) plus an additional £2.4 million windfall tax liability. The imposition of this windfall tax reflects the high quality of the assets in the Netherlands and the strong operating margins achieved.

The Group's reported net loss for the period was £42.3 million (2022: £0.8 million). Parkmead continues to maintain a strong balance sheet with total assets of £28.6 million (2022: £86.3 million) at 30 June 2023. Cash and cash equivalents at year-end decreased to £11.6 million (2022: £23.3 million) primarily due to a cash spend of £17.0 million on decommissioning work carried out across the UKCS and taxation in the Netherlands. As a result, short term decommissioning provisions reduced significantly to £2.8 million (2022: £19.2 million). Interest bearing loans receivable were £2.9 million (2022: £2.9 million). Debt was strictly maintained at the low level of just £0.9 million (2022: £0.9 million). This debt was inherited as a result of the acquisition of Kempstone Hill Wind Energy Limited.

Group administrative expenses were £1.8 million (2022: £2.2 million). Underlying personnel costs, before share-based payments, remained unchanged at £1.7m (2022: £1.7 million).

### Outlook

Parkmead has delivered promising results through a period of significant change, as we build a balanced energy portfolio. The Company remains in a healthy cash position with valuable revenue streams from our onshore producing Dutch gas fields and our onshore UK renewable energy assets. Together these will provide long term, low risk core revenues for the Group.

Parkmead has a number of carefully selected opportunities across the UK and Dutch energy sectors, which it is actively working on to maximise returns. Additionally, the Group has a very significant pool of UK tax losses, which total in excess of £188 million. This tax position means Parkmead is exceptionally well placed in respect of making potential acquisitions, at a time when UK oil and gas taxation for larger producers is at such high levels. Our experienced management team will continue to maintain strict financial discipline across the Group's portfolio. Therefore, we are refocusing our offshore UK efforts on acquisitions and also on attractive projects such as Skerryvore, which are simpler and lower cost than GPA and so present clear opportunities to build increased value for shareholders.



# Harnessing the Power of Nature

## The Onshore Wind Energy Sector in Scotland

Scotland, renowned for its breathtaking landscapes and rugged terrain, has become a global leader in renewable energy production, particularly in the onshore wind energy sector. Furnished with an abundance of wind resources, the country has successfully harnessed the power of nature to generate clean, sustainable and reliable electricity. The growth and significance of the onshore wind energy sector in Scotland is nothing short of remarkable.

It has brought many benefits including significant economic impact, environmental benefits and international investment, just to name a few.

Scotland's geographical location makes it a prime region for wind energy development. Its expansive coastline and mountainous terrain create favourable conditions such as strong, consistent wind speeds, ideal for locating wind farm installations.

The Scottish government continues to support the sector with current targets of 50% of its electricity to be produced from renewable sources by 2030. Much of this ambition hinges on the continued growth of onshore wind power, increased battery storage technology and increased grid capacity, especially in rural locations. A key factor in investment decisions being made on wind energy deployment is also projects gaining Contracts for Difference from the UK government.

The National Grid and UK government estimates that wind capacity will be as much as 78GW by 2035, and 110GW by 2050, on current trajectories. The benefit of this is that there will be more energy available for export, storage or for use in the production of hydrogen, as a key fuel for the future. In every scenario, there will be requirement for network upgrades, with National Grid ESO claiming £21bn of investment in the GB transmission network is required to meet 2030 needs, 50% of this required in Scotland. Ofgem recently approved 26 transmission network reinforcements including new subsea lines between Peterhead and Yorkshire. With the rate of turbine installation expected to triple in order to meet 2030 targets, the Scottish Government announced the Onshore Wind Sector Deal on 21st September 2023 which included reducing planning and consent timelines from four years to one.

**"A continued investment in the transition to renewables will require a dramatic increase in capital expenditure"**



# 50%

electricity from  
renewable sources  
by 2030\*

\*Scottish government target

# 8-10%

**decline predicted in  
production from  
existing oil and  
gas fields**



# Powering the Future

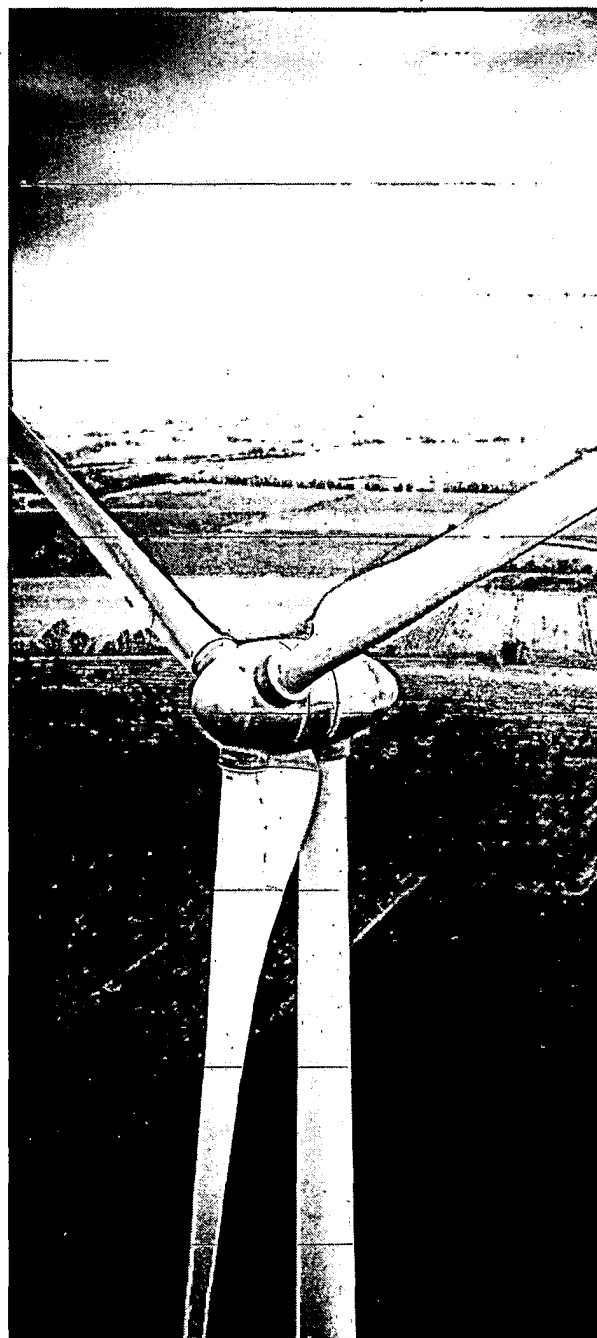
## The Transition from Oil and Gas to Renewables in the UK

The United Kingdom is now at the forefront of a transformative energy transition. As the world grapples with challenges surrounding reduction of greenhouse gas emissions, the UK has embarked on a notable journey from its reliance on oil and gas to a future fuelled by renewables and low-carbon-emitting sources of energy. This transition not only reflects a commitment to sustainability but also presents new opportunities for economic growth, job creation, and environmental stewardship, especially for independent energy companies in the region.

For decades, the UK's energy landscape has been dominated by fossil fuels, primarily oil and natural gas. North Sea reserves provided a substantial portion of the nation's energy needs and companies related to it contributed substantial revenue to the UK treasury. There is, however, a finite nature to these resources which has driven the transition we see today.

Despite the impressive progress, challenges remain. Energy storage, grid integration, and the need for continued investment are critical aspects of ensuring a reliable and resilient renewable energy system. Additionally, addressing the social and economic impacts of the transition, such as the retention of a skilled workforce with transferrable skills, is essential.

When looking at the oil and gas sector in a wider context, we typically see an average decline rate of 8-10% in production from existing fields. This is far larger than any forecasted reduction in global demand for oil and gas, even in a 'best case' scenario as the UK aims for its 2050 net-zero targets. Consequently, investment in new and existing upstream projects in the UK is still of paramount importance. The returns generated by oil and gas investment have made it possible for the UK to pave the way so successfully in pioneering an onshore and offshore renewable energy sector that rivals any in the world. The UK will continue to serve as a model for other nations seeking to make a similar transition toward a greener and more sustainable energy landscape, with independent energy companies at the forefront.



# Natural Gas and Oil Assets

AT 31 OCTOBER 2023

| LICENCE              | BLOCK DESIGNATION      | FIELD/ DISCOVERY                 | PROSPECT/ OPPORTUNITY         | OPERATOR | PARKMEAD EQUITY % | CO-VENTURERS                    |
|----------------------|------------------------|----------------------------------|-------------------------------|----------|-------------------|---------------------------------|
| UK CENTRAL NORTH SEA |                        |                                  |                               |          |                   |                                 |
| P218                 | 15/21e North Area      | NE Perth                         |                               | Parkmead | 100               |                                 |
|                      | 15/21a Residual        | Dolphin                          | Gamma East Sigma Scott        | Parkmead | 100               |                                 |
|                      | 15/21a Gamma           | Spaniards                        |                               | Parkmead | 100               |                                 |
| P1293                | 14/18b                 | Athena                           |                               | Ithaca   | 30                | Ithaca 40%, Jersey 15%, NEO 15% |
| P2516                | 14/20g, 15/16g         | Fynn Beaul, Fynn Andrew Fynn T82 |                               | Parkmead | 50                | Orcadian Energy 50%             |
| P2400                | 30/12c, 13c, 17h & 18c |                                  | Skerryvore Mey Skerryvore Tor | Parkmead | 50                | Serica 20%, CalEnergy 30%       |

| LICENCE             | FIELD/ DISCOVERY                  | PROSPECT/ OPPORTUNITY | OPERATOR  | PARKMEAD EQUITY % | CO-VENTURERS                      |
|---------------------|-----------------------------------|-----------------------|-----------|-------------------|-----------------------------------|
| NETHERLANDS ONSHORE |                                   |                       |           |                   |                                   |
| Andel Va            | Brakel, Ottoland, Wijk en Aalburg |                       | Vermilion | 15                | Vermilion 45%, EBN 40%            |
| Andel Vb            | Kerkwijk, Molenaarsgraaf          |                       | Vermilion | 7.5               | Vermilion 22.5%, EBN 40%, NAM 30% |
| Drenthe IV          | Grolloo                           |                       | Vermilion | 15                | Vermilion 45%, EBN 40%            |
| Drenthe V           | Geesbrug                          |                       | Vermilion | 15                | Vermilion 45%, EBN 40%            |
| Drenthe VI          | Diever, LDS-01                    | LDS-B                 | Vermilion | 7.5               | Vermilion 52.5%, EBN 40%          |
| Papekop             | Papekop                           |                       | Vermilion | 15                | Vermilion 45%, EBN 40%            |

# Renewable Energy Assets

| LICENCE                  | LOCATION      | OPERATOR | PARKMEAD EQUITY % | ENERGY TYPE |
|--------------------------|---------------|----------|-------------------|-------------|
| UK ONSHORE RENEWABLES    |               |          |                   |             |
| Kempstone Hill Wind Farm | Aberdeenshire | Parkmead | 100               | Wind        |
| Pitreadie Site 1         | Aberdeenshire | Parkmead | 100               | Wind        |
| Pitreadie Site 2         | Aberdeenshire | Parkmead | 100               | Solar PV    |

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# Board of Directors

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## **Thomas Cross**

Executive Chairman

Tom is a Chartered Director and petroleum engineer with extensive energy sector experience, spanning projects in more than 20 countries. Tom was the founder and Chief Executive of Dana Petroleum plc through until its sale to KNOC in 2010. Prior to Dana, he held senior positions with Conoco, Thomson North Sea, Louisiana Land and Exploration and was Director of Engineering at the UK Petroleum Science and Technology Institute. Tom is a former Chairman of BRINDEX, the Association of British Independent Oil Companies, a former adviser to the BBC on energy affairs and a Fellow of the Institute of Directors.

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## **Andrew Smith**

Executive Director - Business Development

Following a fifteen-year career in private practice, Andrew joined the Parkmead Group in January 2019 initially as Group Asset Manager before becoming Managing Director of the Renewable Energies Division. In 2023 he was appointed to the Board of Directors overseeing all Business Development activity.

Andrew has advised many investors, local authorities, government agencies and blue-chip institutions on all aspects of commercial real estate and land. His expertise in both asset and corporate transactions will be beneficial to the continued expansion of Parkmead's onshore renewable energy division.

Andrew holds a Bachelor of Land Economics (BLE) degree and is also a Member of the Royal Institution of Chartered Surveyors (MRICS).

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## **Colin MacLaren**

Non-Executive Director

Colin has over 37 years of experience in commercial law. His most recent role was as a Partner at Brodies LLP, a top 50 UK law firm and one of the largest in Scotland. Colin brings a wealth of experience to the Parkmead Board of Directors. His extensive legal and commercial knowledge is complimentary to Parkmead as we continue to expand our portfolio beyond the oil and gas sector to include various onshore renewable energy projects. Colin holds a LLB law degree from the University of Aberdeen. Colin is chair of the Remuneration Committee and member of the Audit Committee.

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## **Robert Finlay**

Non-Executive Director

Robert has over 30 years of experience as a corporate adviser to a range of companies quoted on the London Stock Exchange AIM and Main Market, including a number of energy companies. He is currently a Director in the corporate advisory team at Shore Capital. His earlier career included roles as Head of Corporate at Stockdale Securities and Head of Corporate Finance at Canaccord Genuity. Robert is Chair of the Audit Committee and a member of the Remuneration Committee at Parkmead.

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# Strategic Report

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## Business review and future activities

The Parkmead Group is a UK and Netherlands focused independent energy group listed on AIM of the London Stock Exchange (AIM: PMG). At 30 June 2023, The Group produces from five gas fields in the Netherlands and holds interests in a total of 16 exploration and production blocks. Parkmead has significant oil and gas development and appraisal opportunities across the UK and Netherlands. The Group also holds interests in a portfolio of exploration prospects alongside leading international partners. The Group benefits from a broad portfolio of renewable energy assets including an operational wind farm and various other alternative energy opportunities. Parkmead is headquartered in Aberdeen, Scotland.

The Company is required by the Companies Act 2006 to set out in this report a review of the business of the Group during the year ended 30 June 2023, the position of the Group at the end of the year and any risks facing the Group. The information that fulfils these requirements, including discussion of the business and future developments, is set out in the Chairman's Statement and the Strategic Report.

## Principal risks and mitigation

The Group actively monitors and manages the risks relating to its operations.

There is no guarantee that the Group's exploration activities will be successful and statistically relatively few exploration properties are ultimately developed into producing hydrocarbon fields.

Accordingly, the Group is seeking to balance this risk by building a portfolio of prospects that carry a range of differing technical and commercial risks.

Other uncertainties include variable reservoir performance and cost overruns on exploration, development and production projects.

Accordingly, the Group manages its non-operated production through joint ventures with appropriate planning, budgetary monitoring and asset management.

The development of the Group's projects will depend upon the Group's ability to obtain financing through the joint venture of projects, debt and equity financing, farm downs or other means. There is no assurance that the Group will be successful in obtaining the required financing or attracting farm-in partners. If the Group is unable to obtain additional financing as needed or attract suitable farm-in partners, some interests may be relinquished and/or the scope of the operations reduced.

To mitigate this risk, the Group has established a strong asset base and continues discussions with debt providers.

The market price of hydrocarbon products is volatile and if the price of hydrocarbon products drops significantly, or the fiscal regime experiences materially adverse changes, the economic prospects of the projects in which the Group has an interest may be significantly reduced or rendered uneconomic.

At all times the Board actively manages its committed expenditure, including short-term working capital and cash flow requirements to sustain the Group through periods of reduced hydrocarbon prices.

The Group has exposure to US Dollar to Sterling and Euro to Sterling exchange risk, due to significant portions of its revenues being denominated in Euros, which are subject to currency exchange fluctuations. The Group mitigates this risk by minimising currency exchange and holding reserves of Dollars and Euros to use in the Group's continued investment programme.

The group also is exposed to various production risks from its onshore assets throughout the Netherlands. This may generate revenue loss whilst costs continue to be incurred.

In order to mitigate these production risks and revenue loss, the company continuously seeks to diversify its revenue streams through investment in other near-term production assets as well as additional forms of energy generation to compliment the Group's portfolio.



## Key Performance Indicators

The Group's key focus is on executing value-adding acquisitions combined with organic growth to increase the value of the Group. The Group tracks year-on-year performance measures and is targeting value-adding growth in production, reserves and blocks under licence, whilst always maintaining a strong net asset base. These are deemed to be the most relevant key performance indicators to report at the year end. Further discussion of the year-on-year performance measures is set out in the Chairman's Statement.

## Section 172 Statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172 (1), and form the Directors' statements required under section 414CZA of the Companies Act 2006.

The Directors have acted in a way they consider to be good faith, to be most likely to promote the success of the Group and Company for the benefit of its members as a whole and in doing so have regarded, amongst other matters, to:

### a. the likely consequences of any decision in the long term;

The Group has a strong Board with significant energy, finance and commercial expertise. The Board meet regularly to consider and discuss the long term goals of the Group and the impact decisions will have on these long term goals and relevant stakeholders.

It also reviews strategy, financial and operational performance to ensure considered and informed decisions in the best interest of the Group and its shareholders. Information is provided to the Board through reports sent in advance of each Board meeting and through in-person presentations.

During the year, the Group continued to engage with the supply chain and regulators, as operator of several North Sea licences. The Group and its joint venture partners continue to take a pragmatic approach to key decisions relating to work scopes and investment on UKCS projects.

The Group continues to work with its partners in the Netherlands to ensure we maximise the potential of all our onshore gas assets. Any expenditure related to these fields is carefully evaluated. These assets provide the group with important cash flow in order to invest in other projects, further adding value to our well-balanced portfolio.

Long-term objectives involve diversification of the Group's energy interests and the continued investment in renewable energies demonstrates this. The Board continues to evaluate Parkmead's portfolio in light of the transitioning energy mix and UK government's net zero objectives.

The Group will continue to build and operate a well-balanced energy portfolio which includes gas, oil, renewable energies and energy economics benchmarking.

### b. the interests of the Company's employees;

The Group is made up of a parent company, The Parkmead Group plc, and subsidiaries in Note 15. Senior management of all subsidiaries meet with The Parkmead Group plc Board of Directors on a regular basis to ensure targets are met and the Group's objectives are aligned.

At 30 June 2023 the Group employed 12 members of staff. This included 4 Board members and 3 senior management team members. Biographies of all senior management team and Board members can be found at [www.parkmeadgroup.com](http://www.parkmeadgroup.com). All senior management and Board have an 'open door' policy to promote employee engagement and interaction.

Meetings are held with the workforce and senior management where key business issues are discussed, employees are updated on the Group's development. Ad hoc meetings and discussions are also held for training and other purposes such as cyber-security awareness.

Parkmead encourages the professional development of all staff and, in particular, young professionals in the workforce. Staff are supported should they wish to join industry bodies and societies which align with the Group's objectives.

### c. the need to foster the Company's business

#### relationships with suppliers, customers and others;

Members of the senior management team and the Board meet with key stakeholders to enhance relationships and understand their views.

Senior management meet with joint venture partners on a bi-annual basis to ensure projects are kept to budget and are on target to meet specific work program deadlines.



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# Strategic Report

(continued)

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**d. the impact of the Company's operations on the community and the environment;**

The Parkmead Group plc is committed to care of the community and environment in which it operates. The Group is aligned with the UK government's Net Zero and Energy Transition goals. Not only is all applicable legislation complied with, the Group strives beyond this and has transitioned into one of the first independent, publicly listed E&Ps with operational and development-stage renewable energy assets.

**e. the desirability of the Company maintaining a reputation for high standards of business conduct;**

The Group's intention is to behave responsibly and ensure that senior management operate the business in a responsible manner, operating with the high standards of business conduct and good governance expected.

The UK and Netherlands energy sectors are highly regulated business environments widely considered to be two of the most transparent and well regulated E&P industries globally. Within these highly regulated environments, the Board oversees a company that is subject to a considerable level of scrutiny and oversight by its shareholders and other relevant stakeholders.

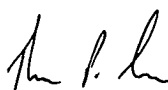
The Company adopts the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code') and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules, ensures that the interests of the Company's stakeholders are safeguarded.

**f. the need to act fairly as between members of the Company;**

The Board openly engages with our stakeholders, as we recognise the importance of a continuing effective dialogue, whether it be with institutional or private investors, as well as employees. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, with feedback heard and careful consideration of any issues or questions.

The primary communication tool with shareholders is through the Regulatory News Service, ("RNS") on regulatory matters and matters of material substance. The Company's website provides extensive detail of the business, its strategy, Board and Board Committees, major shareholder information and QCA Code disclosure updates under AIM Rule 26. Changes are published in a timely manner on the website to enable the shareholders to be kept well-informed of Company's affairs. The Company's Annual Report and Notice of Annual General Meetings (AGM) are also available to all shareholders on the website.

Approved by the Board of Directors and signed on behalf of the Board



**Thomas Cross**

Director

16 November 2023

The Directors present their annual report and financial statements of the Company and of the Group for the year ended 30 June 2023.

### General information

The Parkmead Group plc is a public limited company incorporated and domiciled in the UK and is listed on the AIM, part of the London Stock Exchange (PMG). The Company's registered number is 03914068.

### Results and dividends

The Group loss for the financial year after taxation amounted to £42.3m (2022: £0.8m), which include non-cash impairments of £45.9 million. The Directors do not recommend the payment of a final dividend (2022: £nil).

### Future developments

The future developments and events since the end of year are set out in the Chairman's Statement and Strategic Report. Post year end date events can be found in Note 33 to the financial statements.

### Directors and their interests

The Directors of the Company during the period were as follows:

Thomas Cross

Andrew Smith (Appointed 15 June 2023)

Colin MacLaren

Robert Finlay

Ryan Stroulger (Resigned 31 May 2023)

Biographical details of all the current Directors, who make up the "Board" of the Company, as at the date of signing these financial statements, can be found on page 13. Details of all Directors' emoluments can be found in Note 8 to the financial statements.

### Directors' indemnity

The Company provides, subject to the provisions of UK legislation, an indemnity for Directors and Officers against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties or in relation thereto including any liability incurred by them in defending any civil or criminal proceedings, which relate to anything done or omitted or alleged to have been done or omitted by them as an Officer or employee of the Company and in which judgment is given in their favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on their part) or in which they are acquitted, or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to them by the Court.

Appropriate Directors' and Officers' Liability insurance cover is in place in respect of all the Company's Directors.

### Financial risk management policies

Further details of the Group's financial risk management policies are set out in Note 24 to the financial statements.

### Share capital

At 30 June 2023 the total issued ordinary share capital was 109,266,931 shares at 1.5 pence each.

All of the Company's ordinary shares are fully paid up and quoted on AIM. The rights and obligations attaching to the Company's ordinary shares as well as the powers of the Company's Directors are set out in the Company's Articles of Association, copies of which can be obtained from the Company website ([www.parkmeadgroup.com](http://www.parkmeadgroup.com)), Companies House, or by writing to the Company Secretary.

There are no restrictions on the voting rights attaching to or the transfer of the Company's issued ordinary shares.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights. The Company's articles of association may be amended by special resolution of the Company's shareholders.

### Significant shareholdings

The Company has been advised of the following significant shareholdings as at 30 October 2023:

|                                                 | No. of ordinary shares held | % of Ordinary Shares |
|-------------------------------------------------|-----------------------------|----------------------|
| T P Cross & Affiliates                          | 28,231,783                  | 25.84%               |
| Stonehage Fleming Investment Management Limited | 12,278,652                  | 11.24%               |

### Accountability and audit

The Board believes that the Annual Report and financial statements play an important part in presenting shareholders with an assessment of the Group's position and prospects, and in particular the Chairman's Statement, which contains a detailed consideration of the Group's financial position and prospects.

# Strategic Report

(continued)

## Internal control

The Board has decided that at this stage in the Group's development the creation of an internal audit function is not warranted. In reaching this decision the Board has had regard to the internal controls that have been implemented across the Group. These include:

- the establishment of a Board with an appropriate balance of Executive and Non-Executive Directors, which has overall responsibility for decision making across the Group
- the preparation and approval of an annual budget in advance of each financial year and monitoring performance against this at an appropriate level of detail on a timely basis
- establishing clear lines of reporting, responsibility and delegation throughout the Group and documenting this in a clearly defined organisational chart
- ensuring that clearly defined control procedures covering expenditure and authority levels are in place. In particular, the Group requires that all significant expenditure is authorised prior to ordering by at least one Executive Director and that all financial payments are made under dual signature
- undertaking a risk assessment of the Group's activities and monitoring the risks identified

There is an ongoing process for identifying, evaluating and managing risks faced by the Company. These processes were in place during the year.

## Going concern

The Directors, after making appropriate enquiries have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Disclosure of information to the auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company's auditors were unaware; and
- that Director has taken all steps a Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## Auditors

Gravita Audit Limited have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

## Annual general meeting

Your attention is drawn to the Notice of the Annual General Meeting to be held on 21 December 2023. Under ordinary business shareholders will be asked to consider:

- approving the Annual Report and financial statements for the year ended 30 June 2023
- to re-appoint Directors who, in accordance with the articles of association of the Company, have retired by rotation
- approving the re-appointment of Gravita Audit Limited as auditors to the Company
- to grant Directors the authority to make market purchases and allot shares on a non-pre-emptive basis Approved by the Board of Directors and signed on behalf of the Board

Approved by the Board of Directors and signed on behalf of the Board



Andrew Smith

Director

16 November 2023

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# Corporate Governance

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The Company is committed to high standards of corporate governance and the Board has ensured that the Company has adopted policies and procedures that the Directors consider appropriate with regard to the Company's size.

In order to fulfil the requirements under AIM Rule 26 the Company has adopted the recommendations of the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code'), to the extent that the board believes is proportional to the size, risks, complexity and operations of the business.

This statement explains the Directors' approach to addressing the key principles of the QCA Code during the year ended 30 June 2023.

## **Establish a strategy and business model which promotes long-term value for shareholders**

The Parkmead Group is a UK and Netherlands focused independent energy group listed on the AIM Market of the London Stock Exchange (AIM: PMG). The Group produces gas from a portfolio of five fields across the Netherlands and holds oil and gas interests spanning a number of exploration and production blocks. The Group also benefits from a broad portfolio of renewable energy assets including an operational wind farm and various other alternative energy opportunities.

The Company's strategy is to build an independent energy group of considerable scale, with assets in proven and frontier areas, through innovative commercial transactions in order to maximise shareholder value. Parkmead has made substantial progress to date in line with this strategy, completing eleven acquisitions at both asset and corporate level.

The Group's risks and risk mitigation strategy are explained in detail within the Strategic Report section in the Annual Report each financial year, available on the Parkmead website.

## **Seek to understand and meet shareholder needs and expectations**

The Company communicates with current and potential shareholders through the Annual Report and financial statements, the Interim Statement and any regulatory news updates. Directors are available at the Annual General Meeting where shareholders can ask questions or present their views. Where voting decisions are not in line with the Company's expectations, the Board will engage with those shareholders to understand and address any issues. In accordance with the AIM rules, specifically Rule 26, the Company has disclosed fully all relevant information so as to ensure that it is fully compliant.

The Company maintains a website ([www.parkmeadgroup.com](http://www.parkmeadgroup.com)) where the Annual Report and financial statements can be accessed. The following information is also located on the website:

- copies of regulatory announcements
- announcements made to relevant industry media
- Directors' biographies
- information relating to the Group's services
- details of the Group's investments
- significant shareholders

All queries raised by shareholders are dealt with by an appropriate senior member of the team, depending on the nature of the enquiry.

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# Corporate Governance

(continued)

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## **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Company recognises that good relations with a range of different stakeholder groups is important for long-term success. These stakeholder groups include internal stakeholders, such as employees, and external stakeholders, such as government regulators and shareholders. The Company dedicates time to understanding and acting on the needs and requirements of each of these groups via meetings dedicated to obtaining feedback.

The Company has a formal Health, Safety and Environmental Policy which requires all operations within the Group to pursue economic development whilst protecting the environment. The Directors aim not to damage the environment of the areas in which the Group operates, to meet all relevant regulatory and legislative requirements and to apply responsible standards of its own where relevant laws and regulations do not exist.

It is the policy of the Group to consider the health and welfare of employees by maintaining a safe place and system of work as required by legislation in each of the countries where the Group operates.

## **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Group's risks and risk mitigation strategy are explained in detail within the Strategic Report section in the Annual Report each financial year, available on the Parkmead website.

The Board considers risks relating to the business at every Board meeting (at least four meetings a year). The Company formally reviews and documents the principal risks relating to the business at least annually.

The Board are responsible for reviewing and evaluating risk and the Executive Directors meet regularly to review ongoing trading performance, discuss budgets and forecasts and risks relating to the business. The Board's risk management policy and internal controls are considered appropriate for a Company of its size and business activities.

## **Maintain the Board as a well-functioning, balanced team led by the chair**

The Board, which is set up to control the Company and Group, meets formally at least four times a year and in the year under review met on seven occasions with all members present, except for R A Stroulger from the last four board meetings.

As at the year end the Board was composed of two Executive and two Non-Executive Directors. The Board considers its composition appropriate given the size of the company, its revenues and profitability. The Non-Executive Directors are considered by the Board to be independent in character and judgement, notwithstanding the fact that they have shares in the Company, taking into account their detailed experience and long standing knowledge of the energy sector and personal contribution through the exercise of their skills and experience.

Each Board member receives the latest financial and management information, which consists of:

- management accounts setting out actual costs and revenues against budgeted costs and revenues
- cash collections and forecasts
- a statement of profit or loss compared with budget
- a statement of financial position including net assets per share

The Board reserves to itself a range of key decisions to ensure it retains proper direction and control of the Group, whilst delegating authority to individual Directors who are responsible for the day-to-day management of the business.

All appointments to the Board are discussed at a full board meeting and each member is given the opportunity to meet the individual concerned prior to an appointment being made.

All Directors are subject to re-appointment every three years in accordance with the Company's Articles of Association. Any Director appointed by the Board during the year must stand for re-appointment at the next Annual General Meeting.

The Board has two committees; the Audit Committee and the Remuneration Committee. Further details on these committees are provided in the following principle "Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board".

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# Corporate Governance

(continued)

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## **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

Biographical details of all the current Directors can be found on page 13. These demonstrate a range of experience and sufficient calibre to bring independent judgement on the issues of strategy, performance, resources and standards of conduct, which are vital to the continuing success of the Group.

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary will ensure that the Directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

## **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

In an effort to strive for continual improvement in the effectiveness of the Board, its committees, and the individual Board members, the Company operates an informal evaluation process throughout the year.

## **Promote a corporate culture that is based on ethical values and behaviours**

The Board believes that a corporate culture based on sound values and behaviours is helpful to maximise shareholder value. The Company maintains and reviews guidance on what is expected of every employee of the company.

## **Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Board currently comprises two Executive and two Non- Executive Directors. The Board considers its composition appropriate given the size of the Company, its revenues and profitability.

The key Board roles are the Executive Chairman and the Non- Executive Directors.

### **Executive Chairman**

Responsible for the delivery of the business model within the strategy set by the Board. Works with the other Executive Director and two Non-Executive Directors in a transparent way. Keeps the Board up-to-date with operational performance, risks and other issues to ensure that the Company remains aligned with the Group's strategy.

### **Non-Executive Directors**

The primary responsibility of the Non-Executive Directors is to ensure that the strategies proposed by the Executive Directors are fully considered. The Non-Executive Directors are also responsible for making sure that the board agenda concentrates on the key issues, both operational and financial, with regular reviews of the company's strategy and its overall implementation.

The Board has two committees; the Audit Committee and the Remuneration Committee.

### **Audit Committee**

The Audit Committee met once during the year and consists of R J D Finlay, the Committee Chairman, C J MacLaren and T P Cross, all members were in attendance.

During the year the Audit Committee completed their duties set out below including planning of the audit, reviewing the draft financial statements, reviewing results of the audit, independence of auditors and changes in accounting standards in the year.

The duties of the Audit Committee include:

- review of the scope and the results of the audit
- assessment of the cost effectiveness of the audit
- monitoring the independence and objectivity of the Auditors
- review and assessment of current updates of changes in accounting standards and their likely impact on the Group's financial statements
- review and assessment of the internal controls of the Company
- assessment of the competencies of the financial human resources available to the Company

The Chairman of the Audit Committee has recent and relevant financial experience. The Audit Committee advises the Board on the appointment, re-appointment or removal of the external Auditors and on their remuneration. The Audit Committee discusses the nature and scope of the audit with the external Auditors and provides a forum for reporting by the Group's external Auditors on any matters it considers appropriate. The Audit Committee considers the Auditors independent.

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# Corporate Governance

(continued)

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It is the task of the Audit Committee to ensure that auditor objectivity and independence is safeguarded when non-audit services are provided by the Auditors. To ensure auditor objectivity and independence there is a process in place to approve any non-audit work at each Audit Committee meeting.

## Remuneration Committee

The Remuneration Committee meets at least once a year and consists of C J MacLaren, the Committee Chairman, R J D Finlay and T P Cross. In the year ended 30 June 2023 the Remuneration Committee met once, with all members present.

During the year the Remuneration Committee completed their review of pay and rewards for the Executive Directors including making recommendations in respect of awards of option under the Unapproved Employee Share Option Scheme.

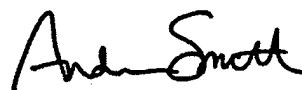
The Remuneration Committee is responsible for reviewing the level and make-up of the remuneration of Executive Directors. In doing so the Committee's aims are:

- to ensure that remuneration packages are sufficient to attract and retain Executive Directors of the requisite calibre
- to ensure that the targets of the Group and its Executive Directors are aligned
- to ensure that the remuneration policies adopted by the Group give consideration to the guidance of the QCA
- to consider, and if thought fit, grant options to Executive Directors and staff under the Group's Option Schemes
- where applicable, to assess targets that should be used in the fixing of performance related pay for Executive Directors. Such bonuses are paid at the discretion of the Remuneration Committee

The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the Articles of Association.

## Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

The Company communicates with current and potential shareholders through the Annual Report and financial statements, the Interim Statement as well as any regulatory news and trading updates. Directors are available at the Annual General Meeting where shareholders can ask questions and present their views. The outcome of resolutions put to the Annual General Meeting are published and available on the Company's website.



Andrew Smith

Company Secretary

16 November 2023

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# Statement of Directors' Responsibilities

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The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent company financial statements in accordance with applicable law and UK-adopted International Accounting Standards ("IFRSs") and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company *and of the profit or loss of the Group for that period*. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the United Kingdom have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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# Independent Auditor's Report

## TO THE MEMBERS OF THE PARKMEAD GROUP PLC

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### Opinion

We have audited the financial statements of The Parkmead Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2023 which comprise the Group statement of profit or loss, Group and company statement of profit or loss and other comprehensive income, Group and company statement of financial position, Group statement of changes in equity, company statement of changes in equity, group and company statement of cashflows and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK-adopted International Accounting Standards ("IFRSs"), as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2023 and of the group's and parent company's loss for the year then ended;
- the group's financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the parent company's financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- a review of management's budgets and cashflow forecasts for the 12 months from proposed sign off date;
- a review of the inputs and assumptions utilised in the budgets and cashflow forecasts taking into account our knowledge of the Group and its levels of operating cashflows;
- stress testing of the forecasted cashflows;
- a review of the cash balances held by the Group at year end date and at sign-off date.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Carrying values of exploration and evaluation (E&E assets).
- Carrying values of development and production assets (D&P assets).
- Carrying values of decommissioning provisions
- Carrying value of goodwill.
- Carrying values of investments in subsidiaries and intercompany receivables (company only risk).

These are explained in more detail below.

| KEY AUDIT MATTER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Carrying values of exploration and evaluation ("E&amp;E assets")</b></p> <ul style="list-style-type: none"> <li>The group held a significant balance of E&amp;E assets as at the year end, with a total carrying value of £1,966k (2022: £34,346k).</li> <li>Included within E&amp;E assets were additions relating to capitalised exploration and appraisal costs, capitalised technical and administrative costs as well as write-offs of E&amp;E assets that were no longer considered technically feasible for the group's purposes.</li> <li>The group undertakes impairment assessments annually for all E&amp;E assets based on a number of assumptions and forecasts. These require significant judgement and so are considered a key audit matter.</li> </ul>                                                                                      | <p><b>Our audit procedures:</b></p> <ul style="list-style-type: none"> <li>We discussed with management and undertook a full review of the underlying assets to establish if there was any indication of impairment in accordance with IFRS 6 and the group's accounting policy.</li> <li>We reviewed management's impairment workings such as forecasts which included their approach and methodology as well as inputs and significant assumptions, namely: <ul style="list-style-type: none"> <li>Future revenue, operating costs and capital expenditure cashflows;</li> <li>Future commodity prices;</li> <li>Discount rates;</li> <li>Estimated reserves.</li> </ul> </li> <li>We considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared.</li> <li>We reviewed the exploration licences to third party regulators and joint operating agreements where applicable.</li> <li>We considered the appropriateness of the Group's disclosures in relation to E&amp;E assets in the financial statements.</li> </ul> |
| <p><b>Carrying values of development and production assets ("D&amp;P assets")</b></p> <ul style="list-style-type: none"> <li>The group held a significant balance of D&amp;P assets as at the year end, with a total carrying value of £4,503k (2022: £15,843k).</li> <li>Included within D&amp;P assets were additions relating to capitalised development costs, capitalised costs relating to the change in estimate of decommissioning provision, abandonment expenditure and depreciation charges based on the unit-of-production method.</li> <li>The group undertakes impairment assessments annually for all D&amp;P assets and where indicators of impairment are identified, an impairment review is performed based on a number of assumptions and forecasts. These require significant judgement and so are considered a key audit matter.</li> </ul> | <p><b>Our audit procedures:</b></p> <ul style="list-style-type: none"> <li>We discussed with management and undertook a full review of the underlying assets to establish if there was any indication of impairment in accordance with IAS 36 and the group's accounting policy.</li> <li>We reviewed management's impairment workings such as forecasts which included their approach and methodology as well as inputs and significant assumptions, namely: <ul style="list-style-type: none"> <li>Future revenue, operating costs and capital expenditure cashflows;</li> <li>Future commodity prices;</li> <li>Discount rates;</li> <li>Production volumes.</li> </ul> </li> <li>We considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared.</li> <li>We considered the appropriateness of the Group's disclosures in relation to D&amp;P assets in the financial statements.</li> </ul>                                                                                                                          |

# Independent Auditor's Report

(continued)

| KEY AUDIT MATTER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carrying values of decommissioning provisions</b> <ul style="list-style-type: none"> <li>The group held a significant provision for decommissioning costs as at the year-end of £4,302k (2022: £20,294k).</li> <li>Included within the decommissioning provision are increases relating to changes in abandonment expenditure estimates, unwinding of the discount relating to the present value of the provision and utilisation of the provision for costs incurred during the period.</li> <li>The calculation of the provisions is based on significant estimates and assumptions utilised by management in determining the potential future expenditure to be incurred.</li> </ul> | <b>Our audit procedures:</b> <ul style="list-style-type: none"> <li>We undertook a review of the decommissioning provision calculations performed by management and reviewed these for mathematical accuracy.</li> <li>We considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared.</li> <li>We reviewed the estimated costs against external third-party evidence for reasonability and to ensure that no management bias was included in the estimates made.</li> <li>We considered the appropriateness of the Group's disclosures in relation to the decommissioning provisions in the financial statements.</li> </ul>                                        |
| <b>Carrying value of goodwill</b> <ul style="list-style-type: none"> <li>The group had a balance of goodwill at the year-end of £1,084k (2022: £1,084k).</li> <li>Goodwill is historic and arose on the acquisition of Kempstone Hill Wind Energy Limited during the prior year.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                | <b>Our audit procedures:</b> <ul style="list-style-type: none"> <li>We undertook a review of the impairment model prepared by management, considering the mathematical accuracy along with the inputs and assumptions utilised for the forecast figures.</li> <li>We vouched the net assets at acquisition and consideration of Kempstone Hill Wind Energy Limited to supporting documentation.</li> <li>We reviewed the IFRS adjustments made from the initial FRS102 Kempstone Hill Wind Energy Ltd accounts and ensured these were being prepared correctly in line with IFRS standards.</li> <li>We considered whether management had exercised any bias in the inputs and assumptions used in the forecast figures.</li> </ul> |
| <b>Carrying values of investments in subsidiaries and intercompany receivables (parent company only risk)</b> <ul style="list-style-type: none"> <li>The parent company had a carrying value of investments in subsidiaries at the year-end of £29,167k (2022: 29,379k), as well as an intercompany receivable of £nil (2022: £56,011k).</li> </ul>                                                                                                                                                                                                                                                                                                                                        | <b>Our audit procedures:</b> <ul style="list-style-type: none"> <li>We considered the value of the investments and reviewed the basis of impairment with reference to the underlying assets held by the subsidiaries, along with the revenue forecasted to be generated in the subsidiary entities.</li> <li>We reviewed the impairment models provided by management and assessed these for mathematical accuracy, as well as to confirm whether the inputs and assumptions utilised were reasonable and supportable.</li> </ul>                                                                                                                                                                                                   |

## Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

|                                        | GROUP FINANCIAL STATEMENTS                                                                                                                                                  | COMPANY FINANCIAL STATEMENTS                                                                                                                                                  |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall materiality</b>             | £289,300 (2022: £863,000)                                                                                                                                                   | £260,000 (2022: £788,000)                                                                                                                                                     |
| <b>How we determined it</b>            | 1% of gross assets (2022: 1% of gross assets)                                                                                                                               | 1% of gross assets, limited to a percentage of Group materiality (2022: 1% of gross assets, limited to a percentage of Group materiality)                                     |
| <b>Rationale for benchmark applied</b> | We believe that the gross assets are the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. | We believe that the gross assets are the primary measure used by the shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £89,000 and £260,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £14,465 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the Company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of four reporting entities. We have audited all components within the group, and no unaudited components remain.

It is our responsibility for the direction, supervision and performance of the group audit and we remain solely responsible for the audit opinion.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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# Independent Auditor's Report

(continued)

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## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the group through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and

- we assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 of the group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- enquiring for any correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of noncompliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of this report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Gravita Audit Limited*

**Jan Charlesworth**

SENIOR STATUTORY AUDITOR

For and on behalf of Gravita Audit Limited,  
statutory auditor

Finsgate  
5-7 Cranwood Street  
London EC1V 9EE  
United Kingdom

16 November 2023

# Group and company statement of profit or loss and other comprehensive income for the year ended 30 June 2023

|                                                                             | Notes | 2023<br>£'000   | 2022<br>£'000 |
|-----------------------------------------------------------------------------|-------|-----------------|---------------|
| Continuous operations                                                       |       |                 |               |
| Revenue                                                                     | 3     | 14,769          | 12,129        |
| Cost of sales                                                               |       | (2,237)         | (1,370)       |
| <b>Gross profit</b>                                                         |       | <b>12,532</b>   | <b>10,759</b> |
| Exploration and evaluation expenses                                         | 4     | (33,009)        | (1,116)       |
| Impairment of goodwill                                                      | 14    | -               | (2,174)       |
| Impairment of property, plant and equipment                                 | 13    | (13,030)        | -             |
| Gain/(loss) on sale of assets                                               |       | 36              | (31)          |
| Administrative (expenses)/credit                                            | 4     | (1,753)         | (2,231)       |
| <b>Operating (loss)/profit</b>                                              |       | <b>(35,224)</b> | <b>5,207</b>  |
| Finance income                                                              | 9     | 192             | 73            |
| Finance costs                                                               | 10    | (267)           | (1,317)       |
| <b>(Loss)/profit before taxation</b>                                        |       | <b>(35,299)</b> | <b>3,963</b>  |
| Taxation                                                                    | 11    | (4,661)         | (4,777)       |
| Windfall taxation                                                           | 11    | (2,374)         | -             |
| <b>Loss for the period attributable to the equity holders of the Parent</b> |       | <b>(42,334)</b> | <b>(814)</b>  |
| <b>(Loss)/earnings per share (pence)</b>                                    |       |                 |               |
| Basic                                                                       | 12    | (38.74)         | (0.75)        |
| Diluted                                                                     |       | (38.74)         | (0.75)        |
| Basic Adjusted for Impairments                                              |       | 3.23            | 2.03          |

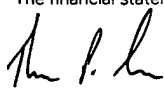
# Group and company statement of financial position

as at 30 June 2023

|                                                         |       | Group           |                           | Company        |                           |
|---------------------------------------------------------|-------|-----------------|---------------------------|----------------|---------------------------|
|                                                         | Notes | 2023<br>£'000   | Restated<br>2022<br>£'000 | 2023<br>£'000  | Restated<br>2022<br>£'000 |
| <b>Non-current assets</b>                               |       |                 |                           |                |                           |
| Property, plant and equipment: development & production | 13    | 4,503           | 15,843                    | -              | -                         |
| Property, plant and equipment: other                    | 13    | 5,600           | 6,636                     | 27             | 27                        |
| Goodwill                                                | 14    | 1,084           | 1,084                     | -              | -                         |
| Exploration and evaluation assets                       | 14    | 1,966           | 34,346                    | -              | -                         |
| Investment in subsidiaries                              | 15    | -               | -                         | 29,167         | 29,379                    |
| Interest bearing loans                                  | 17    | -               | 2,900                     | -              | 2,900                     |
| Deferred tax assets                                     | 11    | -               | 187                       | -              | -                         |
| <b>Total non-current assets</b>                         |       | <b>13,153</b>   | <b>60,996</b>             | <b>29,194</b>  | <b>32,306</b>             |
| <b>Current assets</b>                                   |       |                 |                           |                |                           |
| Trade and other receivables                             | 18    | 941             | 2,018                     | 108            | 56,160                    |
| Interest bearing loans                                  | 17    | 2,936           | -                         | 2,936          | -                         |
| Inventory                                               |       | 16              | 42                        | -              | -                         |
| Cash and cash equivalents                               | 19    | 11,576          | 23,263                    | 2,691          | 330                       |
| <b>Total current assets</b>                             |       | <b>15,469</b>   | <b>25,323</b>             | <b>5,735</b>   | <b>56,490</b>             |
| <b>Total assets</b>                                     |       | <b>28,622</b>   | <b>86,319</b>             | <b>34,929</b>  | <b>88,796</b>             |
| <b>Current liabilities</b>                              |       |                 |                           |                |                           |
| Trade and other payables                                | 20    | (2,673)         | (3,545)                   | (4,756)        | (3,136)                   |
| Decommissioning provisions                              | 22    | (2,773)         | (19,228)                  | -              | -                         |
| Current tax liabilities                                 | 20    | (2,263)         | (1,432)                   | -              | -                         |
| <b>Total current liabilities</b>                        |       | <b>(7,709)</b>  | <b>(24,205)</b>           | <b>(4,756)</b> | <b>(3,136)</b>            |
| <b>Non-current liabilities</b>                          |       |                 |                           |                |                           |
| Trade and other payables                                | 20    | (942)           | (1,181)                   | -              | -                         |
| Loans                                                   | 21    | (767)           | (948)                     | -              | -                         |
| Windfall taxation                                       | 11    | (2,374)         | -                         | -              | -                         |
| Deferred tax liabilities                                | 11    | (641)           | (1,925)                   | -              | -                         |
| Decommissioning provisions                              | 22    | (1,529)         | (1,066)                   | -              | -                         |
| <b>Total non-current liabilities</b>                    |       | <b>(6,253)</b>  | <b>(5,120)</b>            | <b>-</b>       | <b>-</b>                  |
| <b>Total liabilities</b>                                |       | <b>(13,962)</b> | <b>(29,325)</b>           | <b>(4,756)</b> | <b>(3,136)</b>            |
| <b>Net assets</b>                                       |       | <b>14,660</b>   | <b>56,994</b>             | <b>30,173</b>  | <b>85,660</b>             |
| <b>Equity attributable to equity holders</b>            |       |                 |                           |                |                           |
| Called up share capital                                 | 25    | 19,688          | 19,688                    | 19,688         | 19,688                    |
| Share premium                                           | 32    | 83,625          | 83,625                    | 83,625         | 83,625                    |
| Merger reserve                                          |       | 3,376           | 3,376                     | 3,376          | 3,376                     |
| Retained deficit                                        | 32    | (92,029)        | (49,695)                  | (76,516)       | (21,029)                  |
| <b>Total Equity</b>                                     |       | <b>14,660</b>   | <b>56,994</b>             | <b>30,173</b>  | <b>85,660</b>             |

The loss after tax of the Parent Company for the year was £55,487,000 (2022: £3,141,000).

The financial statements on pages 30 to 76 were approved by the Board of Directors on 16 November 2023 and signed on its behalf by:

  
**Thomas Cross**  
 Director

  
**Andrew Smith**  
 Director



# Group statement of changes in equity

for the year ended 30 June 2023

|                                       | Note      | Share capital<br>£'000 | Restated<br>Share premium<br>£'000 | Merger reserve<br>£'000 | Restated<br>Retained deficit<br>£'000 | Total<br>£'000 |
|---------------------------------------|-----------|------------------------|------------------------------------|-------------------------|---------------------------------------|----------------|
| <b>At 30 June 2021</b>                | <b>32</b> | <b>19,688</b>          | <b>83,625</b>                      | <b>3,376</b>            | <b>(48,968)</b>                       | <b>57,721</b>  |
| Loss for the year                     |           | -                      | -                                  | -                       | (814)                                 | (814)          |
| Total comprehensive loss for the year |           | -                      | -                                  | -                       | (814)                                 | (814)          |
| Share-based payments                  |           | -                      | -                                  | -                       | 87                                    | 87             |
| <b>At 30 June 2022 Restated</b>       |           | <b>19,688</b>          | <b>83,625</b>                      | <b>3,376</b>            | <b>(49,695)</b>                       | <b>56,994</b>  |
| Loss for the year                     |           | -                      | -                                  | -                       | (42,334)                              | (42,334)       |
| Total comprehensive loss for the year |           | -                      | -                                  | -                       | (42,334)                              | (42,334)       |
| <b>At 30 June 2023</b>                |           | <b>19,688</b>          | <b>83,625</b>                      | <b>3,376</b>            | <b>(92,029)</b>                       | <b>14,660</b>  |

# Company statement of changes in equity

for the year ended 30 June 2023

|                                         | Note | Share capital<br>£'000 | Restated<br>Share premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Restated<br>Retained deficit<br>£'000 | Total<br>£'000 |
|-----------------------------------------|------|------------------------|------------------------------------|---------------------------------|---------------------------------------|----------------|
| <b>At 30 June 2021</b>                  | 32   | 19,688                 | 83,625                             | 3,376                           | (17,975)                              | 88,714         |
| Loss for the year                       |      | -                      | -                                  | -                               | (3,141)                               | (3,141)        |
| Total comprehensive income for the year |      | -                      | -                                  | -                               | (3,141)                               | (3,141)        |
| Share-based payments                    |      | -                      | -                                  | -                               | 87                                    | 87             |
| <b>At 30 June 2022 Restated</b>         |      | 19,688                 | 83,625                             | 3,376                           | (21,029)                              | 85,660         |
| Loss for the year                       |      | -                      | -                                  | -                               | (55,487)                              | (55,487)       |
| Total comprehensive income for the year |      | -                      | -                                  | -                               | (55,487)                              | (55,487)       |
| Share-based payments                    |      | -                      | -                                  | -                               | -                                     | -              |
| <b>At 30 June 2023</b>                  |      | 19,688                 | 83,625                             | 3,376                           | (76,516)                              | 30,173         |

# Group and company statement of cashflows

FOR THE YEAR ENDED 30 JUNE 2023

|                                                                          |       | Group           |                | Company       |                |
|--------------------------------------------------------------------------|-------|-----------------|----------------|---------------|----------------|
|                                                                          | Notes | 2023<br>£'000   | 2022<br>£'000  | 2023<br>£'000 | 2022<br>£'000  |
| <b>Cashflows from operating activities</b>                               |       |                 |                |               |                |
| Continuing activities                                                    | 27    | 11,414          | 8,038          | 2,361         | (930)          |
| Taxation paid                                                            |       | (4,881)         | (3,508)        | -             | -              |
| <b>Net cash (used in)/generated by operating activities</b>              |       | <b>6,533</b>    | <b>4,530</b>   | <b>2,361</b>  | <b>(930)</b>   |
| <b>Cash flow from investing activities</b>                               |       |                 |                |               |                |
| Interest received                                                        |       | 192             | 73             | 73            | 73             |
| Investment in subsidiaries                                               |       | -               | -              | -             | (3,288)        |
| Acquisition of exploration and evaluation assets                         |       | (519)           | (548)          | -             | -              |
| Disposal of property, plant and equipment                                |       | 654             | 874            | -             | -              |
| Acquisition of property, plant and equipment: development and production |       | (950)           | (123)          | -             | -              |
| Acquisition of property, plant and equipment: other                      |       | (87)            | (3,114)        | (60)          | (11)           |
| Decommissioning expenditure                                              |       | (16,983)        | (1,667)        | -             | -              |
| Net cash from Kempstone                                                  |       | -               | 360            | -             | -              |
| <b>Net cash generated by/(used in) investing activities</b>              |       | <b>(17,693)</b> | <b>(4,145)</b> | <b>13</b>     | <b>(3,226)</b> |
| <b>Cash flow from financing activities</b>                               |       |                 |                |               |                |
| Interest paid                                                            |       | (136)           | (45)           | (2)           | (8)            |
| Lease payments                                                           |       | (229)           | (375)          | -             | (174)          |
| Repayment from loans and borrowings                                      |       | (88)            | (542)          | -             | -              |
| <b>Net cash (used in)/generated by financing activities</b>              |       | <b>(453)</b>    | <b>(962)</b>   | <b>(2)</b>    | <b>(182)</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>              |       | <b>(11,613)</b> | <b>(577)</b>   | <b>2,364</b>  | <b>(4,338)</b> |
| Cash and cash equivalents at beginning of year                           |       | 23,263          | 23,378         | 330           | 4,656          |
| Effect of foreign exchange rate differences                              |       | (74)            | 462            | (3)           | 12             |
| <b>Cash and cash equivalents at end of year</b>                          |       | <b>11,576</b>   | <b>23,263</b>  | <b>2,691</b>  | <b>330</b>     |

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# Notes to the financial statements

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## 1. Corporate information

The consolidated financial statements of The Parkmead Group PLC ("Company") and its subsidiaries (together the "Group") for the year ended 30 June 2023 were authorised for issue by the Board of Directors on 16 November 2023 and the Statement of Financial Position was signed on the Board's behalf by T P Cross and A J Smith. The Company is a public limited company incorporated in England & Wales. The Company's shares are publicly traded on AIM of the London Stock Exchange. The registered office is located at One Angel Court, 13th Floor, London, England, EC2R 7HJ.

## 2. Accounting policies

### Basis of preparation of the financial statements

The consolidated and Company financial information presented in these financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs"), IFRS Interpretations Committee (IFRIC) interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of the exemption permitted under Section 408 of the Companies Act 2006 and does not present its own statement of profit or loss. The consolidated and Company financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain fair value adjustments required by those accounting policies.

### Going concern

The Directors have made an assessment of the Group and Company's ability to continue as a going concern. As at 30 June 2023 the Group had £14.66 million of net assets of which £11.58 million is held in cash, of which £1.16 million is held as restricted cash. As at 30 June 2023 the Company had £30.17 million of net assets of which £2.69 million is held in cash.

The Group is dependent on its existing cash resources and its ability to raise additional funding in order to develop its assets. Based on the cash balance at year end and the Company's commitments, the Directors are of the opinion that the Company has sufficient funds to cover its budgeted operational obligations as they fall due.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2023. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

### Subsidiaries

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised as a gain on a bargain purchase directly in the statement of profit or loss.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Consideration, including deferred consideration, is measured at fair value on the date of acquisition or disposal. Deferred consideration is re-measured, where appropriate, at each year end date to reflect the anticipated amount due.

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# Notes to the financial statements

(continued)

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## 2. Accounting policies (continued)

### Joint arrangements

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group's interest in joint operations (e.g. exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

A complete list of the Group's Joint Arrangements accounted for as joint operations is provided in Note 31.

### Revenue recognition

The Group's principal activity is the production of oil and gas and the provision of services to the oil and gas production and processing industry. Revenue from contracts with customers is recognised when contract performance obligations are met.

#### Oil and Gas exploration and production

The Group recognise revenue arising from the sale of oil, natural gas, natural gas liquids, liquefied natural gas, petroleum and chemicals products at a point in time when title has passed to the buyer. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

Generally, revenues from the production of oil and natural gas properties in which the Group has an interest with joint venture partners are recognised on the basis of the Group's working interest in those properties.

#### Renewables

The Group recognise revenue arising from the sale of renewable energy (wind power) at a point in time when title has passed to the buyer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

### Oil and gas expenditure – exploration and evaluation assets

#### Capitalisation

Pre-acquisition costs on oil and gas assets are recognised in the statement of profit or loss when incurred. Costs incurred after rights to explore have been obtained, such as geological and geophysical surveys, drilling and commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs are capitalised as intangible exploration and evaluation ("E&E") assets. The assessment of what constitutes an individual E&E asset is based on technical criteria but essentially either a single licence area or contiguous licence areas with consistent geological features are designated as individual E&E assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. Once active exploration is completed the asset is assessed for impairment. If commercial reserves are discovered then the carrying value of the E&E asset is reclassified as a development and production ("D&P") asset, following development sanction, but only after the carrying value is assessed for impairment and where appropriate its carrying value adjusted. If commercial reserves are not discovered or it is not possible to determine technical feasibility or if the legal right to explore expires or if the Company decides not to continue exploration and evaluation activity, then the E&E asset is written off to the statement of profit or loss.

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## 2. Accounting policies (continued)

### Impairment

The Group's oil and gas assets are analysed into cash generating units ("CGU") for impairment review purposes, with E&E asset impairment testing being performed at a CGU level. The current CGU consists of E&E assets within a broadly similar geographical location. E&E assets are reviewed for impairment in accordance with IFRS 6, "Exploration for and Evaluation of Mineral Resources", and when circumstances arise which indicate that the carrying value of an E&E asset exceeds the recoverable amount. When reviewing E&E assets for impairment, the combined carrying value of the grouped CGU is compared with the grouped CGU's recoverable amount. The recoverable amount of a grouped CGU is determined as the higher of its fair value less costs to sell and value in use. Impairment losses resulting from an impairment review are written off to the statement of profit or loss.

### Oil and gas expenditure – development and production assets

#### Capitalisation

Costs of bringing a field into production, including the cost of facilities, wells and sub-sea equipment together with E&E assets reclassified in accordance with the above policy, are capitalised as a D&P asset. Normally each individual field development will form an individual D&P asset but there may be cases, such as phased developments, or multiple fields around a single production facility when fields are grouped together to form a single D&P asset.

#### Depreciation

All costs relating to a development asset are accumulated and not depreciated until the commencement of production. Depreciation is calculated on a unit of production basis based on the proven and probable reserves of the asset. Any re-assessment of reserves affects the depreciation rate prospectively. Significant items of plant and equipment will normally be fully depreciated over the life of the field. However these items are assessed to consider if their useful lives differ from the expected life of the D&P asset and should this occur a different depreciation rate would be charged.

The key areas of estimation regarding depreciation and the associated unit of production calculation for oil and gas assets are:

- recoverable reserves; and
- future capital expenditure

#### Impairment

A review is carried out for any indication that the carrying value of the Group's D&P assets may be impaired. The impairment review of D&P assets is carried out at a Group level on a cash generating unit basis. The recoverable amount of the cash generating unit is determined as the higher of its fair value less costs to sell and value in use. The value in use is determined from estimated future net cash flows. Any additional depreciation resulting from the impairment testing is charged to the statement of profit or loss.

The future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a post-tax discount rate. The discount rate is derived from the Group's post-tax weighted average cost of capital and is adjusted where applicable to take into account any specific risks relating to the country where the cash-generating unit is located, although other rates may be used if appropriate to the specific circumstances. In 2023 the rate used was 10% (2022: 8%). The discount rates applied in assessments of impairment are reassessed each year.

See Note 13 for the carrying value of development and production assets.

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# Notes to the financial statements

(continued)

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## 2. Accounting policies (continued)

### Key assumptions used in the value-in-use calculations

The calculation of value-in-use for oil and gas exploration and evaluation assets, assets under development or in production is most sensitive to the following assumptions:

- Production volumes;
- Commodity prices;
- Variable operating costs;
- Capital expenditure; and
- Discount rates.

#### Production volumes/recoverable reserves

Annual estimates of oil and gas reserves are generated internally by the Group's geoscience team. The self-certified estimated future production profiles are used in the life of the fields which in turn are used as a basis in the value-in-use calculation.

#### Commodity prices

The long term assumption for Brent oil and natural gas is based on management estimates having considered published external data, future prices are inflated in accordance with the Company's corporate assumptions. Field specific discounts and prices are used where applicable.

#### Fixed and variable operating costs

Typical examples of variable operating costs are pipeline tariffs, treatment charges and freight costs. Commercial agreements are in place for most of these costs and the assumptions used in the value-in-use calculation are sourced from these where available. Examples of fixed operating costs are platform costs and operator overheads. Fixed operating costs are based on operator budgets.

#### Capital expenditure

Field development is capital intensive and future capital expenditure has a significant bearing on the value of an oil and gas development asset. In addition, capital expenditure may be required for producing fields to increase production and/or extend the life of the field. Cost assumptions are based on operator budgets or specific contracts where available.

#### Discount rates

Discount rates reflect the current market assessment of the risks specific to the oil and gas sector and are based on the weighted average cost of capital for the Group. Where appropriate, the rates are adjusted to reflect the market assessment of any risk specific to the field for which future estimated cash flows have not been adjusted. The Group has applied a post-tax discount rate of 10% for the current year (2022: 8%).

#### Sensitivity to changes in assumptions

For certain fields, a reasonably possible change in any of the above assumptions would cause the estimated recoverable value to be lower than the carrying value, resulting in a further impairment loss. The assumptions which would have the greatest impact on the recoverable amounts of the fields are production volumes and commodity prices.

The following down side sensitivities have been prepared on the value in use calculations with the following changes to the base assumptions:

- 1% increase in the discount rate
- 5% reduction in production volumes
- 5% reduction in commodity prices

## 2. Accounting policies (continued)

Individually applied no impairment would be charged against Developed and Production asset or Exploration and Evaluations assets. The value in use calculations would have a reduction in headroom available. If all three sensitivities were applied to the value in use calculations, no impairment of Exploration and Evaluation assets would be required, as at 30 June 2023.

The Board recognise the market price of hydrocarbon products is volatile and a significant reduction in global oil prices can have a consequential adverse impact on the revenue and cash flow of the Group. At all times the Board actively manages its committed expenditure, including short-term working capital and cash flow requirements to sustain the Group through periods of reduced hydrocarbon prices.

### Oil & gas expenditure – acquisitions and disposals

Commercial transactions involving the acquisition of a D&P asset in exchange for an E&E or D&P asset are accounted for at fair value with the difference between the fair value and cost being recognised in the statement of profit or loss as a gain or loss. When a commercial transaction involves a D&P asset and takes the form of a farm-in or farm-out agreement, the premium expected to be paid/received is treated as part of the consideration.

Fair value calculations are not carried out for commercial transactions involving the exchange of E&E assets. The capitalised costs of the disposed asset are transferred to the acquired asset. Farm-in and farm-out transactions of E&E assets are accounted for at cost. Costs are capitalised according to the Group's cost interest (net of premium received or paid) as costs are incurred.

Proceeds from the disposal of an E&E asset, or part of an E&E asset, are deducted from the capitalised costs and the difference recognised in the statement of profit or loss as a gain or loss. Proceeds from the disposal of a D&P asset, or part of a D&P asset, are recognised in the statement of profit or loss, after deducting the related net book value of the asset.

### Decommissioning

The Group recognises the discounted cost of decommissioning when the obligation to rectify environmental damage arises. The amount recognised is the present value of the estimated future expenditure determined by local conditions and requirements. A corresponding asset of an amount equal to the provision is created unless the associated activity resulted in a profit or loss write-off. This asset is subsequently depreciated as part of the capital cost on a unit of production basis. Any change to the present value of the estimated decommissioning cost is reflected as an adjustment to the asset. The unwinding of the discount on the decommissioning provision is included as an interest expense. Where the Group has an asset with nil carrying value, and subsequently on the basis of new information makes an increase to the discounted cost of decommissioning, then such increase is taken to the statement of profit or loss.

The key areas of estimation regarding decommissioning are:

- expected economic life of field, determined by factors such as
  - field reserves and future production profiles
  - commodity prices
- inflation rate 2%;
- discount rate 8%; and
- decommissioning cost estimates (and the basis for these estimates)

See Note 22 in respect of decommissioning obligations.



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# Notes to the financial statements

(continued)

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## 2. Accounting policies (continued)

### Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets at fair value through other comprehensive income, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

### Segment reporting

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment profit represents the profit earned before tax by each segment. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of cash and cash equivalents, financial assets at fair value through other comprehensive income and current and deferred tax assets and liabilities. Disclosures of segment reporting have been disclosed in Note 6.

### Foreign currency

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling, which are the Company's functional and presentation currency and the Group's presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing in the month of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Where consideration is received in advance of revenue being recognised the date of the transaction reflects the date the consideration is received.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in fair value are recognised in profit or loss and other changes in carrying amount are recognised in equity.

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

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## 2. Accounting policies (continued)

### Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### Pensions

The Company offers to contribute 10% of employees' gross salary into personal pension plans. The cost of providing pension contributions for employees is charged to the statement of profit or loss as accrued.

### Share based payments

The Group issues both equity-settled and cash-settled share based payments as an incentive to certain key management and staff.

#### Equity-settled transactions

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of profit or loss. Incentives are provided to employees under an unapproved share option scheme and through other discretionary share based awards.

The Group measures the fair value of any share based awards issued by the Group to employees at the date of grant. The fair value at the date of grant is expensed over the vesting period, except where market based conditions make it more appropriate to recognise the costs over the expected life of the options. All share based awards are settled in equity and accordingly the share based payment is credited directly to equity.

Where the share based payment has taken the form of a loan from the Employee Benefit Trust, a charge based on the fair value of the anticipated benefit is determined on a consistent basis with the other share based awards. The charge is recognised in the statement of profit or loss.

The fair value of the share options granted has been calculated using the Black-Scholes-Merton model. The key inputs into the model include share volatility, expected dividend yield, and risk free rate Note 26.

#### Cash-settled transactions

The cost of cash-settled transactions is measured at the current fair value determined at each reporting date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The corresponding liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised as an employee benefit expense in the statement of profit or loss.

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# Notes to the financial statements

(continued)

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## 2. Accounting policies (continued)

### Property, plant and equipment (excluding development and production assets)

Property, plant and equipment are stated at historic purchase cost less depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition. Depreciation is provided on all tangible fixed assets on a straight line basis to write each asset down to its estimated residual value over its expected useful life, as follows:

|                                           |                                                |
|-------------------------------------------|------------------------------------------------|
| Short leasehold improvements              | Shorter of the remaining lease term or 5 years |
| Fixtures, fittings and computer equipment | 3 – 5 years                                    |
| Land                                      | No depreciation is charged                     |
| Right of Use assets                       | Shorter of the lease term or life of asset     |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

### Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Transaction costs relating to acquisition of a subsidiary are recognised directly in the statement of profit or loss.

### Impairment of investments in subsidiaries and receivables due from group companies

The Company assesses its investments in subsidiaries for indicators of impairment at each reporting date. Similarly, receivables due from group companies, which are interest free, are assessed under the expected credit losses model. In each case, the most appropriate assessment is for the Company to consider the output from the impairment tests and value-in-use calculations carried out in respect of the Group's E&E assets and D&P assets. The key assumptions used in these value-in-use calculations are production volumes, commodity prices, operating costs, capital expenditure and discount rates. The derived values at the reporting date are considered to be an indicator of the underlying value of the relevant company. These values are compared to the carrying values of the investments in subsidiaries and receivables due from group companies at the reporting date and consideration is given to whether any provision for impairment is required.

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. Development costs and contract and customer relations are amortised over the period of expected future sales from the related projects and contracts on a straight line basis.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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## 2. Accounting policies (continued)

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

#### Goodwill

Goodwill is tested for impairment annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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# Notes to the financial statements

(continued)

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## 2. Accounting policies (continued)

### Financial assets

The Parkmead Group Plc applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets.

#### Measurement of financial assets

##### Recognition

Financial assets and liabilities are recognised when The Parkmead Group Plc becomes a party to the terms of the contract.

##### Classification and measurement

The financial assets are classified on the basis of two criteria:

- i) The business model within financial assets are managed, and
- ii) Their contractual cash flow characteristics (whether cash flows represent 'solely payments of principal and interest' (SPPI)).

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

#### Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Any cash balance held where the use is restricted for a specific purpose or future event will be separately noted as "restricted cash" and details provided to explain the restriction.

### Trade receivables

Trade receivables are initially stated at transaction price determined in accordance with IFRS 15 and subsequently adjusted for any provisions for impairment. Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of expected loss to occur from default to determine the lifetime expected credit losses. Movements in the provision for expected trade losses are recorded in the statement of profit or loss in administrative expenses.

### Inventory

Inventory is held at the lower of cost and net realizable value. Movements in inventory are charged directly to costs of sales in the profit and loss account.

### Contract liabilities

A contract liability is the obligation to complete a performance obligation for a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group completes a performance obligation to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group completes a performance obligation under the contract.

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## **2. Accounting policies (continued)**

### **Trade payables**

Trade payables are initially recognised at fair value and subsequently at amortised cost.

### **Leases**

IFRS 16 Leases set out the principles for the recognition, measurement, presentation and disclosure of leases for both lessors and lessees.

A lessee recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. Lessees recognise separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset. There were recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous accounting under IAS 17 i.e. lessors continue to classify leases as finance or operating leases.

As a lessee, the Group and Company recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease, or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate which is between 6-8%.

The lease liability is subsequently recorded at amortised cost, using the effective interest rate method. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The Company does not currently act as a lessor.

### **Finance costs and debt**

#### **Interest-bearing loans and borrowings**

Interest bearing bank loans, overdrafts and other loans are initially recorded at fair value, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Finance costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the statement of profit or loss as finance costs over the term of the debt.

#### **Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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# Notes to the financial statements

(continued)

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## 2. Accounting policies (continued)

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the year end date.

Employer's national insurance in the UK is payable on the exercise of certain share options or when benefits in kind are provided to employees. For share options, provision of national insurance is calculated on the expected gain on the share options at the year end date. For other benefits in kind, provision is made when it is probable that a liability will arise.

### Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The resulting accounting estimates may not equate with the actual results which will only be known in time. Significant accounting judgments and accounting estimates used by the Group are discussed in more detail in the following accounting policies:

#### Accounting estimates

- Oil and Gas: Intangible Exploration Assets – Impairment (Note 14)
- Oil and Gas: Development and Production Assets – Depreciation and Impairment (Note 13)
- Oil and Gas: Decommissioning Provisions (Note 22)
- Employee Benefits: Share Based Payments (Note 26)
- Investment in subsidiaries: Company's investments in subsidiaries and receivables due from group companies – Impairment (Note 15)

#### Accounting judgements

- Oil and Gas expenditure – capitalisation (Note 14)

### New IFRS accounting standards and interpretations adopted in the year

The following standards, amendments and interpretations are new and effective for the year ended 30 June 2023 and have been adopted. None of the pronouncements had a material impact on the Group's consolidated results, assets or liabilities.

- IFRS 17 insurance contracts

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

All amendments as noted above are not believed to have a material impact on the financial statements of the Group.

### 3. Revenue

|                                                   | 2023<br>£'000 | 2022<br>£'000 |
|---------------------------------------------------|---------------|---------------|
| An analysis of the Group's revenue is as follows: |               |               |
| Gas sales                                         | 13,863        | 11,701        |
| Condensate sales                                  | 78            | 46            |
| Renewables                                        | 664           | 191           |
| Pitreadie                                         | 164           | 191           |
| <b>Total revenue</b>                              | <b>14,769</b> | <b>12,129</b> |

### 4. Operating (loss)/profit

|                                                                              | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------------------------------------------|---------------|---------------|
| The operating (loss)/profit is stated after charging/(crediting):            |               |               |
| Pre-award exploration expenditure                                            | 175           | 256           |
| Exploration expenditure written off (Note 14)                                | 32,834        | 860           |
| Impairment of Development and production: developed and production (Note 13) | 13,030        | -             |
| Depreciation of property, plant and equipment (Note 13)                      | 430           | 513           |
| Equity-settled share based payments (credit)/charge (Note 26)                | -             | 87            |
| Cost of inventory recognised as an expense                                   | 26            | 24            |
| Foreign exchange loss/(gain)                                                 | 74            | (462)         |

### 5. Auditor's remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group:

|                                                                                              | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------------------------------------------------------------|---------------|---------------|
| Audit fees payable to the auditor for the audit of the Company's annual financial statements | 36            | 31            |
| Audit of the Company's subsidiaries                                                          | 54            | 43            |
| <b>Total audit fees</b>                                                                      | <b>90</b>     | <b>74</b>     |
| Audit related services                                                                       | 3             | 4             |
| <b>Total non-audit fees</b>                                                                  | <b>3</b>      | <b>4</b>      |
| <b>Total audit and non-audit fees</b>                                                        | <b>93</b>     | <b>78</b>     |

Audit related services comprise of the review of interim results and were paid to Gravita Audit Limited.



# Notes to the financial statements

(continued)

## 6. Operating segment information

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- The oil and gas exploration and production segment invests in oil and gas exploration and production assets.
- The energy economics segment provides energy sector economics, valuation and benchmarking, advising on energy policies and fiscal matters, undertaking economic evaluations, supply benchmarking services and training.
- The Renewables segment involves mixed farming activities as well as renewable energy production and opportunities.

UK and Netherlands oil and gas is reviewed by the board as one segment but additional information is provided in the strategic report and Chairman's statement.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, income taxes are managed on a Group basis and are not allocated to operating segments.

| Year ended 30 June 2023                    | Oil and Gas<br>Exploration and<br>Production<br>£'000 | Energy<br>Economics<br>£'000 | Renewables<br>£'000 | Consolidated<br>£'000 |
|--------------------------------------------|-------------------------------------------------------|------------------------------|---------------------|-----------------------|
| <b>Revenue</b>                             |                                                       |                              |                     |                       |
| External customer                          | 13,941                                                | -                            | 828                 | 14,769                |
| <b>Total revenue</b>                       | <b>13,941</b>                                         | <b>-</b>                     | <b>828</b>          | <b>14,769</b>         |
| <b>Results</b>                             |                                                       |                              |                     |                       |
| Operating (loss)/profit                    | (35,421)                                              | (183)                        | 380                 | (35,224)              |
| Finance income                             | 174                                                   | 18                           | -                   | 192                   |
| Finance costs                              | (151)                                                 | (19)                         | (97)                | (267)                 |
| <b>Segment profit</b>                      | <b>(35,398)</b>                                       | <b>(184)</b>                 | <b>283</b>          | <b>(35,299)</b>       |
| <b>Operating assets</b>                    | <b>23,070</b>                                         | <b>680</b>                   | <b>4,872</b>        | <b>28,622</b>         |
| <b>Operating liabilities</b>               | <b>(11,882)</b>                                       | <b>(278)</b>                 | <b>(1,802)</b>      | <b>(13,962)</b>       |
| <b>Other disclosures</b>                   |                                                       |                              |                     |                       |
| Capital expenditure                        | 1,551                                                 | 5                            | -                   | 1,556                 |
| Depreciation, amortisation and impairments | 46,149                                                | 107                          | 330                 | 46,586                |

1) Inter-segment balances are eliminated on consolidation and reflected in the adjustments and eliminations column

2) Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries

## 6. Operating segment information (continued)

| Year ended 30 June 2022                    | Oil and Gas<br>Exploration and<br>Production<br>£'000 | Energy<br>Economics<br>£'000 | Renewables<br>£'000 | Consolidated<br>£'000 |
|--------------------------------------------|-------------------------------------------------------|------------------------------|---------------------|-----------------------|
| <b>Revenue</b>                             |                                                       |                              |                     |                       |
| External customer                          | 11,747                                                | –                            | 382                 | 12,129                |
| <b>Total revenue</b>                       | <b>11,747</b>                                         | <b>–</b>                     | <b>382</b>          | <b>12,129</b>         |
| <b>Results</b>                             |                                                       |                              |                     |                       |
| Operating (Loss)/profit                    | 7,313                                                 | (1,998)                      | (108)               | 5,207                 |
| Finance income                             | 73                                                    | –                            | –                   | 73                    |
| Finance costs                              | (1,215)                                               | (25)                         | (77)                | (1,317)               |
| <b>Segment profit</b>                      | <b>6,171</b>                                          | <b>(2,023)</b>               | <b>(185)</b>        | <b>3,963</b>          |
| <b>Operating assets</b>                    | <b>74,342</b>                                         | <b>3,410</b>                 | <b>8,567</b>        | <b>86,319</b>         |
| <b>Operating liabilities</b>               | <b>(26,900)</b>                                       | <b>(164)</b>                 | <b>(2,414)</b>      | <b>(29,478)</b>       |
| <b>Other disclosures</b>                   |                                                       |                              |                     |                       |
| Capital expenditure                        | 671                                                   | –                            | 4,565               | 5,236                 |
| Depreciation, amortisation and impairments | 1,018                                                 | 117                          | 451                 | 1,586                 |

1) Inter-segment balances are eliminated on consolidation and reflected in the adjustments and eliminations column.

2) Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.

### Geographic information Revenues from external customers

|                                                            | 2023<br>£'000 | 2022<br>£'000 |
|------------------------------------------------------------|---------------|---------------|
| Europe                                                     | 14,769        | 12,129        |
| <b>Total revenue per Group statement of profit or loss</b> | <b>14,769</b> | <b>12,129</b> |

The revenue information is based on the location of the customer. Included in revenues from Europe were sales in the Netherlands of £13,940,000 (2022: £11,747,000) and sales in the United Kingdom of £829,000 (2022: £382,000).

### Non-current assets

|              | 2023<br>£'000 | 2022<br>£'000 |
|--------------|---------------|---------------|
| Europe       | 13,153        | 60,996        |
| <b>Total</b> | <b>13,153</b> | <b>60,996</b> |

Non-current assets for this purpose consist of oil and gas properties, property, plant and equipment, exploration and evaluation assets, goodwill and other intangible assets. Included in non-current assets from Europe were assets held in the Netherlands of £5,762,000 (2022: £4,961,000) and assets held in the United Kingdom of £7,391,000 (2022: £56,035,000).

## Notes to the financial statements

(continued)

### 7. Staff costs

Employee benefits expense:

|                                                    | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------------------|---------------|---------------|
| Wages and salaries                                 | 1,370         | 1,351         |
| Social security costs                              | 173           | 178           |
| Other pension costs                                | 150           | 127           |
| Staff costs (before share based payments)          | 1,693         | 1,656         |
| (Credit)/charge for share based payments (Note 26) | (1,218)       | 562           |
| Total staff costs                                  | 475           | 2,218         |

The average monthly number of employees (including executive directors) during the year was as follows:

|                             | 2023<br>No. | 2022<br>No. |
|-----------------------------|-------------|-------------|
| Management and consultants  | 8           | 8           |
| Technical                   | 2           | 2           |
| Admin, Project & IT support | 2           | 4           |
|                             | 12          | 14          |

### 8. Directors' emoluments

Directors remuneration in aggregate comprised:

|                                                         | 2023<br>£'000 | 2022<br>£'000 |
|---------------------------------------------------------|---------------|---------------|
| Aggregate emoluments                                    | 705           | 651           |
| Company pension contributions to money purchase schemes | 9             | 10            |
|                                                         | 714           | 661           |

During the year two (2022: one) Directors accrued benefits under a money purchase pension scheme. The Company contributions paid to the scheme were £9,000 (2022: £10,000). No director exercised share appreciation rights in the period (2022: £nil). No director exercised share options in the period (2022: nil).

The remuneration package for each of the individual Directors was comprised as follows:

|                                | Salaries<br>and Fees<br>£'000 | Benefits<br>in Kind<br>£'000 | Pension<br>£'000 | Total<br>2023<br>£'000 | Total<br>2022<br>£'000 |
|--------------------------------|-------------------------------|------------------------------|------------------|------------------------|------------------------|
| T P Cross                      | 506                           | 2                            | -                | 508                    | 510                    |
| A J Smith (appointed 15.06.23) | 3                             | -                            | -                | 3                      | -                      |
| C MacLaren                     | 20                            | -                            | -                | 20                     | 20                     |
| R J D Finlay                   | 20                            | -                            | -                | 20                     | 20                     |
| R A Stroulger                  | 153                           | 1                            | 9                | 163                    | 111                    |
| Total                          | 702                           | 3                            | 9                | 714                    | 661                    |

## 8. Directors' emoluments (continued)

T P Cross participated in the share appreciation rights (SARs) arrangements for senior management, details of which are provided in Note 26.

Details of outstanding SARs held by each director as at 30 June 2023:

|           | Number of<br>SARs outstanding | Exercise<br>price | Date from<br>which exercisable | Expiry<br>date   |
|-----------|-------------------------------|-------------------|--------------------------------|------------------|
| T P Cross | 901,534                       | £0.41             | 21 December 2016               | 21 December 2025 |
| T P Cross | 1,065,800                     | £0.41             | 21 December 2016               | 21 December 2025 |
| T P Cross | 1,245,000                     | £0.41             | 21 December 2016               | 21 December 2025 |
| T P Cross | 1,444,700                     | £0.35             | 7 December 2018                | 7 December 2027  |
| T P Cross | 1,444,700                     | £0.35             | 7 December 2019                | 7 December 2027  |
| T P Cross | 1,988,210                     | £0.27             | 21 December 2023               | 21 December 2030 |
| T P Cross | 1,988,210                     | £0.27             | 21 December 2023               | 21 December 2030 |

Details of outstanding SARs held by each director as at 30 June 2022:

|             | Number of<br>SARs outstanding | Exercise<br>price | Date from<br>which exercisable | Expiry<br>date   |
|-------------|-------------------------------|-------------------|--------------------------------|------------------|
| T P Cross   | 901,534                       | £0.41             | 21 December 2016               | 21 December 2025 |
| T P Cross   | 1,065,800                     | £0.41             | 21 December 2016               | 21 December 2025 |
| T P Cross   | 1,245,000                     | £0.41             | 21 December 2016               | 21 December 2025 |
| T P Cross   | 1,444,700                     | £0.35             | 7 December 2018                | 7 December 2027  |
| T P Cross   | 1,444,700                     | £0.35             | 7 December 2019                | 7 December 2027  |
| T P Cross   | 1,988,210                     | £0.27             | 21 December 2023               | 21 December 2030 |
| T P Cross   | 1,988,210                     | £0.27             | 21 December 2023               | 21 December 2030 |
| R Stroulger | 350,000                       | £0.27             | 21 December 2023               | 21 December 2030 |
| R Stroulger | 350,000                       | £0.27             | 21 December 2023               | 21 December 2030 |

R Finlay and C MacLaren participated in deferred share payments (DSPs) arrangements for Non Executive Directors, details of which are provided in Note 26. The Company reserves the right, at its sole discretion to settle the payment in cash and the DSPs have been accounted for as cash-settled transactions. A Smith participated in Share Options arrangements, details of which are provided in Note 26.

## 9. Finance income

|                          | 2023<br>£'000 | 2022<br>£'000 |
|--------------------------|---------------|---------------|
| Bank interest receivable | 119           | -             |
| Loan interest received   | 73            | 73            |
|                          | 192           | 73            |

## 10. Finance costs

|                                                    | 2023<br>£'000 | 2022<br>£'000 |
|----------------------------------------------------|---------------|---------------|
| Unwinding of discount on decommissioning provision | 85            | 1,135         |
| Interest on currency                               | 75            | 66            |
| Interest paid on leases                            | 47            | 51            |
| Interest payable on loans and borrowings           | 60            | 65            |
|                                                    | 267           | 1,317         |

# Notes to the financial statements

(continued)

## 11. Taxation

### a) Income tax

The major components of income tax expense for the years ended 30 June 2023 and 2022 are:

|                                                                                | 2023<br>£'000  | 2022<br>£'000 |
|--------------------------------------------------------------------------------|----------------|---------------|
| <b>Current tax:</b>                                                            |                |               |
| Corporation tax                                                                | -              | -             |
| Adjustments in respect of current income tax of previous periods               | -              | (150)         |
| Overseas windfall tax                                                          | 2,374          | -             |
| Overseas current taxation                                                      | 5,758          | 4,933         |
| <b>Total current income tax</b>                                                | <b>8,132</b>   | <b>4,783</b>  |
| <b>Deferred tax:</b>                                                           |                |               |
| Origination and reversal of timing differences                                 | (1,097)        | (6)           |
| <b>Total deferred income tax charge</b>                                        | <b>(1,097)</b> | <b>(6)</b>    |
| <b>Income tax (credit)/expense reported in the statement of profit or loss</b> | <b>7,035</b>   | <b>4,777</b>  |

Tax has been calculated using an estimated annual effective rate of 40% (2022: 40%) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the Group's applicable rate of UK corporation tax to the profit before tax is as follows:

### b) Reconciliation of total income tax charge

|                                                                                                                                       | 2023<br>£'000   | 2022<br>£'000 |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|
| <b>(Loss)/profit on ordinary activities before tax</b>                                                                                | <b>(35,299)</b> | <b>3,963</b>  |
| <b>(Loss)/profit on ordinary activities multiplied by the Group's applicable rate of corporation tax in the UK of 40% (2022: 40%)</b> | <b>(14,120)</b> | <b>1,585</b>  |
| <b>Effects of:</b>                                                                                                                    |                 |               |
| Expenses not deductible for tax purposes                                                                                              | (12)            | 368           |
| Profits taxed outside ring-fence                                                                                                      | 185             | 839           |
| Deferred tax not recognised                                                                                                           | 12,837          | (2,798)       |
| Income not taxable                                                                                                                    | 13              | -             |
| Prior year adjustment                                                                                                                 | -               | (150)         |
| Overseas tax suffered                                                                                                                 | 8,132           | 4,933         |
| <b>Total tax expense/(credit) for the year</b>                                                                                        | <b>7,035</b>    | <b>4,777</b>  |

## 11. Taxation (continued)

### c) Deferred income taxation

The movement in the deferred tax balances as shown in the Statement of Financial Position is as follows:

|                                  | Group         |               | Company       |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Deferred tax asset</b>        |               |               |               |               |
| At 1 July                        | 187           | -             | -             | -             |
| Acquisition                      | -             | 187           | -             | -             |
| Income statement credit/(charge) | (187)         | -             | -             | -             |
| <b>At 30 June</b>                | -             | 187           | -             | -             |

### Deferred tax liability

|                                                          |            |              |          |          |
|----------------------------------------------------------|------------|--------------|----------|----------|
| At 1 July                                                | 1,925      | 1,339        | -        | -        |
| Acquisition                                              | -          | 586          | -        | -        |
| Tax income recognised in the statement of profit or loss | (1,284)    | -            | -        | -        |
| <b>At 30 June</b>                                        | <b>641</b> | <b>1,925</b> | <b>-</b> | <b>-</b> |

Deferred tax included in the Statement of Financial Position is as follows:

|                                    | Group         |                | Company       |               |
|------------------------------------|---------------|----------------|---------------|---------------|
|                                    | 2023<br>£'000 | 2022<br>£'000  | 2023<br>£'000 | 2022<br>£'000 |
| <b>Deferred tax asset</b>          |               |                |               |               |
| Accelerated capital allowances     | -             | 187            | -             | -             |
|                                    | -             | 187            | -             | -             |
| <b>Deferred tax liability</b>      |               |                |               |               |
| Accelerated capital allowances     | -             | -              | -             | -             |
| Fair value gains                   | (641)         | (1,925)        | -             | -             |
|                                    | (641)         | (1,925)        | -             | -             |
| <b>Deferred tax liability, net</b> | <b>(641)</b>  | <b>(1,738)</b> | <b>-</b>      | <b>-</b>      |

### d) Tax losses

Deferred income tax assets are recognised for the carry-forward of unused tax losses to the extent that it is probable that taxable profits will be available against which the unused tax losses can be utilised.

A deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses, unclaimed capital allowances, capital losses and unrealised capital losses where there is insufficient evidence that the asset will be recovered. The amount of ring fenced trading losses available are £188.8 million (2022: £162.1 million), non-ring fenced trading losses available are £2.4 million (2022: £0.9 million), excess management expenses available are £36.3 million (2022: £26.4 million), capital losses available are £71.4 million (2022: £71.4 million) and unrealised capital losses on financial assets at fair value through other comprehensive income of £3 million (2022: £3 million).

# Notes to the financial statements

(continued)

## 12. (Loss)/profit per share

(Loss)/profit per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

|                                                                                 | 2023            | 2022    |
|---------------------------------------------------------------------------------|-----------------|---------|
| <b>(Loss)/profit per 1.5p ordinary share from continuing operations (pence)</b> |                 |         |
| Basic                                                                           | <b>(38.74)p</b> | (0.75)p |
| Diluted                                                                         | <b>(38.74)p</b> | (0.75)p |
| Basic Adjusted for Impairments*                                                 | <b>3.23</b>     | 2.03    |

\* Loss attributable to ordinary shareholders adjusted for impairments per notes 13 & 14

The calculations were based on the following information:

|                                                   | 2023<br>£'000   | 2022<br>£'000 |
|---------------------------------------------------|-----------------|---------------|
| <b>Loss attributable to ordinary shareholders</b> |                 |               |
| Continuing operations                             | <b>(42,334)</b> | (814)         |
| <b>Total</b>                                      | <b>(42,334)</b> | (814)         |

### Weighted average number of shares in issue

|                                         |                    |             |
|-----------------------------------------|--------------------|-------------|
| Basic weighted average number of shares | <b>109,266,931</b> | 109,266,931 |
|-----------------------------------------|--------------------|-------------|

### Dilutive potential ordinary shares

|               |   |   |
|---------------|---|---|
| Share options | - | - |
|---------------|---|---|

(Loss)/profit per share is calculated by dividing the (loss)/profit for the year by the weighted average number of ordinary shares outstanding during the year.

### Diluted (loss)/profit per share

(Loss)/profit per share requires presentation of diluted (loss)/profit per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. When the group makes a loss the outstanding share options are therefore anti-dilutive and so are not included in dilutive potential ordinary shares.

### 13. Property, plant and equipment

| Group                                   | Development and production<br>£'000 | Property, plant and equipment: other<br>£'000 | Fixtures, fittings and computer equipment<br>£'000 | Total<br>£'000 |
|-----------------------------------------|-------------------------------------|-----------------------------------------------|----------------------------------------------------|----------------|
| <b>Cost</b>                             |                                     |                                               |                                                    |                |
| At 1 July 2022                          | 48,626                              | 7,894                                         | 773                                                | 57,293         |
| Additions                               | 950                                 | 62                                            | 26                                                 | 1,038          |
| Disposals                               | –                                   | (687)                                         | –                                                  | (687)          |
| Change in estimate of abandonment asset | 1,025                               | –                                             | –                                                  | 1,025          |
| <b>At 30 June 2023</b>                  | <b>50,601</b>                       | <b>7,269</b>                                  | <b>799</b>                                         | <b>58,669</b>  |
| <b>Depreciation</b>                     |                                     |                                               |                                                    |                |
| At 1 July 2022                          | 32,783                              | 1,267                                         | 764                                                | 34,814         |
| Impairment                              | 13,030                              | –                                             | –                                                  | 13,030         |
| Depreciation charged in the year        | 285                                 | 430                                           | 7                                                  | 722            |
| <b>At 30 June 2023</b>                  | <b>46,098</b>                       | <b>1,697</b>                                  | <b>771</b>                                         | <b>48,566</b>  |
| <b>Net book amount</b>                  |                                     |                                               |                                                    |                |
| <b>At 30 June 2023</b>                  | <b>4,503</b>                        | <b>5,572</b>                                  | <b>28</b>                                          | <b>10,103</b>  |
| At 30 June 2022                         | 15,843                              | 6,627                                         | 9                                                  | 22,479         |

#### Property, plant and equipment: other

Property, plant and equipment other include Land and Buildings of £2,189,000 (2022: £2,394,000).

#### Right of Use Asset

Group Property, plant and equipment other are right of use assets with a cost of £1,826,000 (2022: £1,826,000) with accumulated depreciation of £1,280,000 (2022: £1,108,000) with a net book value of £546,000 (2022: £718,000). The incremental borrowing rate applied to the leases ranges between 6-8%.

#### Abandonment Asset

The abandonment asset adjustment above reflects the increase in cost estimate in the Athena field.

#### Asset Impairment – Athena

Production at the Athena field was shut-in in January 2016. The Group has assumed a redevelopment will not take place and the asset has been fully impaired.



# Notes to the financial statements

(continued)

## 13. Property, plant and equipment (continued)

| Company                          | Property, plant and equipment: other<br>£'000 | Fixtures, fittings and computer equipment<br>£'000 | Total<br>£'000 |
|----------------------------------|-----------------------------------------------|----------------------------------------------------|----------------|
| <b>Cost</b>                      |                                               |                                                    |                |
| At 1 July 2022                   | 584                                           | 566                                                | 1,150          |
| Additions                        | 43                                            | 25                                                 | 68             |
| <b>At 30 June 2023</b>           | <b>627</b>                                    | <b>591</b>                                         | <b>1,218</b>   |
| <b>Depreciation</b>              |                                               |                                                    |                |
| At 1 July 2022                   | 557                                           | 566                                                | 1,123          |
| Depreciation charged in the year | 61                                            | 7                                                  | 68             |
| <b>At 30 June 2023</b>           | <b>618</b>                                    | <b>573</b>                                         | <b>1,191</b>   |
| <b>Net book amount</b>           |                                               |                                                    |                |
| <b>At 30 June 2023</b>           | <b>9</b>                                      | <b>18</b>                                          | <b>27</b>      |
| At 30 June 2022                  | 27                                            | –                                                  | 27             |

### Right of Use Asset

Company Property, plant and equipment other are right of use assets with a cost of £539,000 (2022: £539,000) with accumulated depreciation of £539,000 (2022: £524,000) with a net book value of £nil (2022: £15,000). The incremental borrowing rate applied to the leases is 6%.

### 13. Property, plant and equipment (continued)

The comparable table for 2022 is detailed below:

| Group                                   | Development<br>and production<br>£'000 | Property, plant<br>and equipment:<br>other<br>£'000 | Fixtures, fittings<br>and computer<br>equipment<br>£'000 | Total<br>£'000 |
|-----------------------------------------|----------------------------------------|-----------------------------------------------------|----------------------------------------------------------|----------------|
| <b>Cost</b>                             |                                        |                                                     |                                                          |                |
| At 1 July 2021                          | 47,269                                 | 5,498                                               | 768                                                      | 53,535         |
| Additions                               | 123                                    | 3,476                                               | 5                                                        | 3,604          |
| Transfers                               | 109                                    | -                                                   | -                                                        | 109            |
| Disposals                               | -                                      | (1,080)                                             | -                                                        | (1,080)        |
| Change in estimate of abandonment asset | 1,125                                  | -                                                   | -                                                        | 1,125          |
| <b>At 30 June 2022</b>                  | <b>48,626</b>                          | <b>7,894</b>                                        | <b>773</b>                                               | <b>57,293</b>  |
| <b>Depreciation</b>                     |                                        |                                                     |                                                          |                |
| At 1 July 2021                          | 32,623                                 | 901                                                 | 711                                                      | 34,235         |
| Disposals                               | -                                      | (147)                                               | -                                                        | (147)          |
| Depreciation charged in the year        | 160                                    | 513                                                 | 53                                                       | 726            |
| <b>At 30 June 2022</b>                  | <b>32,783</b>                          | <b>1,267</b>                                        | <b>764</b>                                               | <b>34,814</b>  |
| <b>Net book amount</b>                  |                                        |                                                     |                                                          |                |
| <b>At 30 June 2022</b>                  | <b>15,843</b>                          | <b>6,627</b>                                        | <b>9</b>                                                 | <b>22,479</b>  |
| At 30 June 2021                         | 14,646                                 | 4,597                                               | 57                                                       | 19,300         |

# Notes to the financial statements

(continued)

## 13. Property, plant and equipment (continued)

| Company                          | Property, plant and equipment: other £'000 | Fixtures, fittings and computer equipment £'000 | Total £'000  |
|----------------------------------|--------------------------------------------|-------------------------------------------------|--------------|
| <b>Cost</b>                      |                                            |                                                 |              |
| At 1 July 2021                   | 569                                        | 701                                             | 1,270        |
| Additions                        | 15                                         | 12                                              | 27           |
| Disposals                        | -                                          | (147)                                           | (147)        |
| <b>At 30 June 2022</b>           | <b>584</b>                                 | <b>566</b>                                      | <b>1,150</b> |
| <b>Depreciation</b>              |                                            |                                                 |              |
| At 1 July 2021                   | 351                                        | 685                                             | 1,036        |
| Disposals                        | -                                          | (147)                                           | (147)        |
| Depreciation charged in the year | 206                                        | 28                                              | 234          |
| <b>At 30 June 2022</b>           | <b>557</b>                                 | <b>566</b>                                      | <b>1,123</b> |
| <b>Net book amount</b>           |                                            |                                                 |              |
| <b>At 30 June 2022</b>           | <b>27</b>                                  | <b>-</b>                                        | <b>27</b>    |
| At 30 June 2021                  | 218                                        | 17                                              | 235          |

## 14. Intangible assets

| Group                                                                    | Exploration and Evaluation assets £'000 | Goodwill £'000 | Total £'000  |
|--------------------------------------------------------------------------|-----------------------------------------|----------------|--------------|
| <b>Cost</b>                                                              |                                         |                |              |
| At 1 July 2022                                                           | 34,346                                  | 3,258          | 37,604       |
| Additions                                                                | 519                                     | -              | 519          |
| Change in estimate of abandonment asset                                  | (65)                                    | -              | (65)         |
| Exploration write-off*                                                   | (32,834)                                | -              | (32,834)     |
| <b>At 30 June 2023</b>                                                   | <b>1,966</b>                            | <b>3,258</b>   | <b>5,224</b> |
| * This is due to the relinquishment of the Perth licences P588 and P2154 |                                         |                |              |
| <b>Amortisation and impairment</b>                                       |                                         |                |              |
| At 1 July 2022                                                           | -                                       | 2,174          | 2,174        |
| <b>At 30 June 2023</b>                                                   | <b>-</b>                                | <b>2,174</b>   | <b>2,174</b> |
| <b>Net book amount</b>                                                   |                                         |                |              |
| <b>At 30 June 2023</b>                                                   | <b>1,966</b>                            | <b>1,084</b>   | <b>3,050</b> |
| At 30 June 2022                                                          | 34,346                                  | 1,084          | 35,430       |

#### 14. Intangible assets (continued)

The comparable table for 2022 is detailed below:

| Group                                   | Exploration and<br>Evaluation assets<br>£'000 | Goodwill<br>£'000 | Total<br>£'000 |
|-----------------------------------------|-----------------------------------------------|-------------------|----------------|
| <b>Cost</b>                             |                                               |                   |                |
| At 1 July 2021                          | 29,497                                        | 2,174             | 31,671         |
| Additions                               | 548                                           | 1,084             | 1,632          |
| Transfers                               | (109)                                         | –                 | (109)          |
| Change in estimate of abandonment asset | 5,270                                         | –                 | 5,270          |
| Exploration write-off                   | (860)                                         | –                 | (860)          |
| <b>At 30 June 2022</b>                  | <b>34,346</b>                                 | <b>3,258</b>      | <b>37,604</b>  |
| <b>Amortisation and impairment</b>      |                                               |                   |                |
| At 1 July 2021                          | –                                             | –                 | –              |
| Impairment                              | –                                             | 2,174             | 2,174          |
| <b>At 30 June 2022</b>                  | <b>–</b>                                      | <b>2,174</b>      | <b>2,174</b>   |
| <b>Net book amount</b>                  |                                               |                   |                |
| <b>At 30 June 2022</b>                  | <b>34,346</b>                                 | <b>1,084</b>      | <b>35,430</b>  |
| At 30 June 2021                         | 29,497                                        | 2,174             | 31,671         |

Other intangibles include development costs and contract and customer relationships.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination identified according to operating segments. The carrying amount of goodwill has been allocated as follows:

|                  | 2023<br>£'000 | 2022<br>£'000 |
|------------------|---------------|---------------|
| Energy Economics | –             | –             |
| Kempstone Hill   | 1,084         | 1,084         |
|                  | <b>1,084</b>  | <b>1,084</b>  |

On 31 January 2022, the Group acquired 100% of the issued share capital of Kempstone Hill Wind Energy Limited ("Kempstone"), an unlisted company based in Scotland. The acquisition was immediately revenue and cash flow enhancing. Kempstone Hill benefits from an attractive inflation-linked, Feed-in Tariff through until 2036. The goodwill associated with Kempstone has been tested with discounted cash flows for the company and no impairment is required.

# Notes to the financial statements

(continued)

## 15. Investment in subsidiaries

| Company                                          | Subsidiary<br>£'000 |
|--------------------------------------------------|---------------------|
| <b>Cost or valuation</b>                         |                     |
| At 1 July 2022                                   | 30,731              |
| <b>At 30 June 2023</b>                           | <b>30,731</b>       |
| <b>Amortisation and impairment</b>               |                     |
| At 1 July 2022                                   | 1,352               |
| Impairment                                       | 212                 |
| <b>At 30 June 2023</b>                           | <b>1,564</b>        |
| <b>Net book amount</b>                           |                     |
| <b>At 30 June 2023</b>                           | <b>29,167</b>       |
| At 30 June 2022                                  | 29,379              |
| The comparable table for 2022 is detailed below: |                     |
| Company                                          | Subsidiary<br>£'000 |
|                                                  | £'000               |
| <b>Cost or valuation</b>                         |                     |
| At 1 July 2021                                   | 27,443              |
| Additions                                        | 3,288               |
| <b>At 30 June 2022</b>                           | <b>30,731</b>       |
| <b>Amortisation and impairment</b>               |                     |
| At 1 July 2021                                   | -                   |
| Impairment                                       | 1,352               |
| <b>At 30 June 2022</b>                           | <b>1,352</b>        |
| <b>Net book amount</b>                           |                     |
| <b>At 30 June 2022</b>                           | <b>29,379</b>       |
| At 30 June 2021                                  | 27,443              |

## 15. Investment in subsidiaries (continued)

The interests in Group undertakings of the Company, which are directly held, are listed below:

| Name of Undertaking                 | Class of Holding | Interest in subsidiary | Nature of Business                      |
|-------------------------------------|------------------|------------------------|-----------------------------------------|
| Aupec Limited                       | Ordinary         | 100%                   | Energy advisory and consulting services |
| High Blackwood Wind Energy Limited* | Ordinary         | 100%                   | Production of renewable energy          |
| Deo Petroleum Limited**             | Ordinary         | 100%                   | Oil & Gas Exploration and Production    |
| Parkmead (E&P) Limited              | Ordinary         | 100%                   | Oil & Gas Exploration and Production    |
| Pitreadie Farm Limited              | Ordinary         | 100%                   | Mixed farming                           |
| Kempstone Hill Wind Energy Limited  | Ordinary         | 100%                   | Production of renewable energy          |

\* Incorporated on 5 April 2023 and dissolved 26 September 2023

\*\* Restored on 21 February 2023

The registered office of Kempstone Hill Wind Energy Limited, Aupec Limited, Parkmead (E&P) Limited and Pitreadie Farm Limited is located at 4 Queen's Terrace, Aberdeen, AB10 1XL. The registered office of Deo Petroleum Limited is One Angel Court, London, England, EC2R 7HJ.

The Directors believe that the carrying values of the investments are supported by the subsidiaries underlying value in use.

# Notes to the financial statements

(continued)

## 16. Business combinations

### Acquisition of Kempstone Hill Wind Energy Limited

On 31 January 2022, the Group completed the acquisition of 100% of the share capital of Kempstone Hill Wind Energy Limited ("Kempstone Hill") to purchase a company with owning a 1.5MW onshore wind farm in Scotland. The fair values of the identifiable assets and liabilities of Pitreadie at the acquisition date are shown below:

|                                      | £ 000          |
|--------------------------------------|----------------|
| <b>Non current assets</b>            |                |
| Property, plant and equipment: other | 3,083          |
| Lease assets                         | 368            |
| Deferred tax asset                   | 187            |
| <b>Current assets</b>                |                |
| Debtors                              | 85             |
| Prepayments and accrued income       | 73             |
| Cash                                 | 360            |
| <b>Current creditors</b>             |                |
| Trade creditors                      | (8)            |
| <b>Non current liabilities</b>       |                |
| Bank loan                            | (990)          |
| Lease liabilities                    | (368)          |
| Deferred tax liability               | (586)          |
| <b>Net assets</b>                    | <b>2,204</b>   |
| <b>Cash consideration</b>            | <b>(3,288)</b> |
| <b>Goodwill on acquisition</b>       | <b>1,084</b>   |

The property, plant and equipment, being acquired, were valued at £3,083,000 based on discounted cash flows produced by management. The primary objective of the transaction was to acquire producing turbines. There were no changes to the initial fair values.

## 17. Interest bearing loans

|                           | Group         |               | Company       |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Current assets</b>     |               |               |               |               |
| Loans issued              | 2,936         | –             | 2,936         | –             |
|                           | <b>2,936</b>  | <b>–</b>      | <b>2,936</b>  | <b>–</b>      |
| <b>Non-current assets</b> |               |               |               |               |
| Loans issued              | –             | 2,900         | –             | 2,900         |
|                           | <b>–</b>      | <b>2,900</b>  | <b>–</b>      | <b>2,900</b>  |

### Loans issued

On 27 July 2017, The Parkmead Group plc entered into a credit facility with Energy Management Associates Limited, whereby Parkmead agreed to lend up to £2,900,000 to Energy Management Associates Limited in exchange for Parkmead being granted exclusive first rights over all renewable energy opportunities identified or held by Energy Management Associates Limited. The Loan had an initial period of two years, with a fixed interest rate of 2.5 per cent. On 26 July 2021, The Parkmead Group plc entered into a 24-month extension of the interest-bearing loan to Energy Management Associates Limited of £2,900,000. The Loan will continue to bear a fixed interest rate of 2.5 per cent per annum. The loan has been extended post year end by a further year to 27 July 2024 on the same terms. The Loan has not been discounted on materiality grounds.

Interest charged during the period amounted to £73,000 (2022: £73,000).

### Loans and advances at amortised cost

The fair value of loans and advances is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality.

## 18. Trade and other receivables

|                                      | Group         |               | Company       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Current assets</b>                |               |               |               |               |
| Trade receivables                    | 134           | 242           | –             | –             |
| Less: loss allowance                 | –             | –             | –             | –             |
| Trade receivables - net              | <b>134</b>    | <b>242</b>    | <b>–</b>      | <b>–</b>      |
| Receivables due from group companies | –             | –             | –             | 56,011        |
| Other receivables                    | 697           | 1,573         | –             | 36            |
| Prepayments                          | 110           | 203           | 108           | 113           |
|                                      | <b>941</b>    | <b>2,018</b>  | <b>108</b>    | <b>56,160</b> |



# Notes to the financial statements

(continued)

## 18. Trade and other receivables (continued)

### Current assets

#### Trade receivables

In accordance with IFRS 9, trade and other receivables are recognised and carried at their anticipated realisable value, which implies that a provision for a loss allowance on lifetime expected credit losses of the receivables is recognised. A provision for loss allowance for expected credit losses is performed at each reporting date and is based on a multifactor and holistic analysis depending on several assumptions taken. The Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the assessment of credit risk with regard to customer. The Group's trade and other receivables are all current and not overdue.

Of the trade receivables balance at the end of the year £134,000 (2022: £242,000) was due from the Group's largest customer. There is one (2022: one) other customer who represents more than 5% of the total balance of trade receivables.

Payment terms apply to amounts owed by the customers for oil and gas sales, typically this is within 30 days. Historically, invoices are normally paid on or around the due date and this is the established operating cycle under IFRS 9, as a result the loss given default is deemed to be a negligible timing difference. The Group has had no historical losses on trade and other receivables during this period. As long as the customer continues to settle invoices on a monthly basis in line with what has been established practice, there are no indications of significant increase in credit risk, and therefore deem there to be an insignificant probability of default. Therefore, it is not considered necessary to provide for any loss allowance on credit losses.

The carrying amounts of the Group's trade and other receivables (current and non-current) are denominated in the following currencies:

Payment terms apply to amounts owed by the customers for oil and gas sales, typically this is within 30 days. Historically, invoices are normally paid on or around the due date and this is the established operating cycle under IFRS 9, as a result the loss given default is deemed to be a negligible timing difference. The Group has had no historical losses on trade and other receivables during this period. As long as the customer continues to settle invoices on a monthly basis in line with what has been established practice, there are no indications of significant increase in credit risk, and therefore deem there to be an insignificant probability of default. Therefore, it is not considered necessary to provide for any loss allowance on credit losses.

The carrying amounts of the Group's trade and other receivables (current and non-current) are denominated in the following currencies:

|                  | Group         |               | Company       |               |
|------------------|---------------|---------------|---------------|---------------|
|                  | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Pound Sterling   | 807           | 722           | 108           | 56,160        |
| Other currencies | 134           | 1,296         | -             | -             |
|                  | 941           | 2,018         | 108           | 56,160        |

#### Receivables due from group companies

The Company considers that the amounts included in receivables due from group companies will prove recoverable. However, the timing of and the ultimate repayment of these amounts will depend primarily on the growth of revenues for the relevant group companies. Currently, the Company expects the amounts to be repaid over a number of years.

## 19. Cash and cash equivalents

|                                    | Group         |               | Company       |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Unrestricted cash in bank accounts | 10,415        | 17,351        | 2,691         | 330           |
| Restricted cash                    | 1,161         | 5,912         | -             | -             |
|                                    | 11,576        | 23,263        | 2,691         | 330           |

The restricted cash primarily relates to amounts held in trust as security for future decommissioning liabilities under a standard Decommissioning Security Agreement (DSA) covering the Athena asset being £1,161,000 (2022: £5,912,000).

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

## 20. Trade and other payables

|                                       | Group         |               | Company       |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Current liabilities</b>            |               |               |               |               |
| Trade payables                        | 222           | 400           | 31            | 28            |
| Amounts owed to group companies       | -             | -             | 3,310         | 531           |
| Other taxes and social security costs | -             | -             | 41            | 12            |
| Accruals                              | 2,242         | 3,004         | 1,374         | 2,565         |
| Leases                                | 116           | 141           | -             | -             |
| Current tax                           | 2,263         | 1,432         | -             | -             |
| Loan                                  | 93            | -             | -             | -             |
| Short term decommissioning provision  | 2,773         | 19,228        | -             | -             |
|                                       | 7,709         | 24,205        | 4,756         | 3,136         |
|                                       |               |               |               |               |
|                                       | Group         |               | Company       |               |
|                                       | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Non-current liabilities</b>        |               |               |               |               |
| Accruals and deferred income          | 461           | 542           | -             | -             |
| Leases                                | 481           | 639           | -             | -             |
|                                       | 942           | 1,181         | -             | -             |

The short term decommissioning provision includes Athena (2022: Athena, Perth and Plätypus).

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 31 days (2022: 31 days). No interest is charged on the outstanding balance. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

# Notes to the financial statements

(continued)

## 21. Loans

|                                | Group         |               | Company       |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Non-current liabilities</b> |               |               |               |               |
| Loans                          | 787           | 948           | -             | -             |
|                                | <b>787</b>    | <b>948</b>    | <b>-</b>      | <b>-</b>      |

The loans carry an interest rate of 6.25%. Close Brothers hold fixed and floating charges over Kempstone Hill Wind Energy Limited. The loans are repayable in full in the second half of 2025.

## 22. Decommissioning provisions

|                                               | Total<br>£'000 |
|-----------------------------------------------|----------------|
| As at 1 July 2022                             | 20,294         |
| Changes in estimates                          | 960            |
| Change in estimates directly to cost of sales | (54)           |
| Utilisation                                   | (16,983)       |
| Short term (Note 20)                          | (2,773)        |
| Unwinding of discount                         | 85             |
| <b>As at 30 June 2023</b>                     | <b>1,529</b>   |

The decommissioning provision is recorded at the Group's share of the decommissioning cost expected to be incurred and is based on engineering estimates and reports. Changes in estimates have arisen as a result of an increase in estimated costs of engineering works.

The short term decommissioning provision includes Athena (2022: Perth, Athena and Platypus). The long term costs are expected to be incurred at various intervals over the next 11 years. The provision has been estimated using existing technology at current prices, escalated at 2% and discounted at 8%. The economic life and the timing of the decommissioning liabilities are dependent on Government legislation, commodity prices and the future production profiles of the production and development facilities. In addition, the costs of decommissioning are subject to inflationary charges in the service costs of third parties.

The comparable table for 2022 is detailed below:

|                                               | Group<br>£'000 |
|-----------------------------------------------|----------------|
| As at 1 July 2021                             | 14,754         |
| Changes in estimates                          | 6,395          |
| Change in estimates directly to cost of sales | (323)          |
| Utilisation                                   | (1,667)        |
| Short term (Note 21)                          | (19,228)       |
| Unwinding of discount                         | 1,135          |
| <b>As at 30 June 2022</b>                     | <b>1,066</b>   |

## 23. Contingent deferred consideration

Under the terms of a sale and purchase agreement between Parkmead (E&P) Limited and Dyas Holdings B.V., Parkmead (E&P) Limited are liable to pay a deferred consideration of €3,000,000 on the first commercial sale of oil from the Papekop field development. As the decision to develop this field is yet to be taken by the joint venture partners, it is uncertain whether the deferred consideration will be paid. The fair value, as a result, is deemed to be £nil.

## 24. Financial instruments and financial risk factors

### Financial risk management

The Group actively monitors and manages the financial risks relating to its operations on a continuous basis. The Group and Company's operations expose it to a variety of financial risks that include market price risk, interest rate risk, credit risk, liquidity risk, capital risk and currency risk. The Group and Company's financial instruments comprise equity investments financial assets at fair value through other comprehensive income, cash and cash equivalents, interest bearing loans and various items such as trade receivables and trade payables that arise directly from its operations.

The Group has not entered into any derivative or other hedging instrument.

Cash and treasury credit risks are mitigated through the exclusive use of institutions that carry published "A-1" (Standard & Poor's) or better credit ratings in order to minimise counterparty risk.

### Interest rate risk

The Group and Company are exposed to interest rate risk as a result of positive cash balances.

Cash and cash equivalents (which are presented as a single class of asset on the statement of financial position) comprise cash at bank and other short-term deposits and liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value. As detailed in Note 19 some of the cash balance is restricted.

|                                         | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------------------------|---------------|---------------|
| Floating rate financial assets < 1 year | 11,576        | 23,263        |
| <b>Total</b>                            | <b>11,576</b> | <b>23,263</b> |

At 30 June 2023, short-term deposits were earning interest at a weighted average fixed deposit rate of 0.15% (2022: 0.0%). Cash at bank earns interest at floating rates based on the GBP Base Rate. Interest earned at floating rates represents an insignificant risk of change in rates.

At 30 June 2023, interest bearing loans were earning interest at a fixed interest rate of 2.50% (2022: 2.50%).

### Credit risk

The Group's credit risk is primarily attributable to its trade receivables and interest bearing loans.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control. Outstanding customer receivables are regularly monitored. Historically, invoices are normally paid on or around the due date. The Group has had no historical losses on trade and other receivables during this period. As long as the customer continues to settle invoices on a monthly basis in line with what has been established practice, there are no indications of significant increase in credit risk.

At 30 June 2023, the Group had one customer that owed the Group more than £50,000. The requirement for impairment is analysed in respect of trade receivables at each reporting date on an individual basis for each client. The maximum exposure to credit risk at the reporting date amounted to £134,000 (2022: £242,000). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions. The Group does not hold collateral as security.

Interest bearing loans credit risk is managed by regularly monitoring the underlying asset value coverage of the loanee. The requirement for impairment is analysed in respect of interest bearing loans at each reporting date. The maximum exposure to credit risk at the reporting date amounted to £2,936,000 (2022: £2,936,000). The Group does not hold collateral as security.

# Notes to the financial statements

(continued)

## 24. Financial instruments and financial risk factors (continued)

### Liquidity risk

The Group and Company actively review their requirements for long-term and short-term debt finance to ensure it has sufficient available funds for operations and planned expansions. The Group and Company monitor their levels of working capital to ensure that they can meet debt repayments as they fall due.

The following table shows the contractual maturities of the financial liabilities, all of which are measured at amortised cost:

|                                             | Group         |               | Company       |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|
|                                             | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| <b>Trade payables and other liabilities</b> |               |               |               |               |
| 6 months or less                            | 7,709         | 19,073        | 4,756         | 3,136         |
| 6-12 months                                 | -             | 5,132         | -             | -             |
| More than 1 year                            | 942           | 1,181         | -             | -             |
|                                             | <b>8,651</b>  | <b>25,386</b> | <b>4,756</b>  | <b>3,136</b>  |

### Capital risk

The Group and Company considers its capital under management to be its free cash and cash equivalents and its interest bearing loans. The Group and Company's overall objective from its investing and trading activities is to increase its net assets per share. In assessing opportunities to invest in the energy sector the Group and Company undertakes financial modelling and technical assessments on proposed investments.

The Group and Company's capital management objectives have not changed in the period under review. The Group's net asset per share was 13 pence in 2023 (2022: 52 pence).

### Currency risk

The Group and Company are exposed to foreign currency risk on trade receivables and cash balances. The currencies giving rise to the risk are United States Dollars and Euros. There are no currency hedging arrangements in place. The value of the Group's financial assets denominated in foreign currencies at 30 June 2023 was £5,999,000 (2022: £15,670,000); Company £108,000 (2022: £135,000). A 10% change in Sterling exchange rate will result in a profit or loss pre-tax recognised in the statement of profit or loss of £599,000 (2022: £1,567,000) in the Group; Company £11,000 (2022: £14,000).

The Group is exposed to foreign currency risk on its financial liabilities. The currencies giving rise to the risk are United States Dollars. The value of the Group's financial liabilities denominated in foreign currencies at 30 June 2023 was £nil (2022: £nil). A 10% change in Sterling exchange rate will result in an increase or decrease of £nil (2022: £nil) in the Group.

### Fair values of financial assets and liabilities

The following is a comparison by category of the carrying amounts and fair values of the Group's financial assets and liabilities at 30 June 2023. Set out below the table is a summary of the methods and assumptions used for each category of instrument.

|                                         | 2023                     |                     | 2022                     |                     |
|-----------------------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                                         | Carrying amount<br>£'000 | Fair value<br>£'000 | Carrying amount<br>£'000 | Fair value<br>£'000 |
| Financial assets at amortised cost      | 3,767                    | 3,767               | 4,715                    | 4,715               |
| Financial liabilities at amortised cost | (6,645)                  | (6,645)             | (26,334)                 | (26,334)            |
|                                         | <b>(2,878)</b>           | <b>(2,878)</b>      | <b>(21,619)</b>          | <b>(21,619)</b>     |

## 24. Financial instruments and financial risk factors (continued)

### Financial assets at amortised cost

The fair value of trade receivables approximates to the carrying amount because of the short maturity of these instruments. The fair value of interest bearing loans reasonably approximates to the carrying amount at the reporting date.

### Financial liabilities at amortised cost

The fair value approximates to the carrying amount because the majority are associated with variable rate interest payments that are re-aligned to market rates at intervals of less than one year.

### Financial assets at fair value through other comprehensive income

The balances are recorded at fair value and are determined by using published price quotations in an active market or using a valuation technique based on the price of recent investment methodology

## 25. Share capital and reserves

|                                | Authorised                      |             |
|--------------------------------|---------------------------------|-------------|
|                                | 2023<br>No.                     | 2022<br>No. |
|                                | No.                             | No.         |
| Ordinary shares of £0.015 each | 296,750,185                     | 296,750,185 |
| Deferred shares of £0.049 each | 368,341,780                     | 368,341,780 |
|                                | 665,091,965                     | 665,091,965 |
|                                | £'000                           | £'000       |
| Ordinary shares of £0.015 each | 4,451                           | 4,451       |
| Deferred shares of £0.049 each | 18,049                          | 18,049      |
|                                | 22,500                          | 22,500      |
|                                | Allotted, Called Up and Paid Up |             |
|                                | 2023<br>No.                     | 2022<br>No. |
| Ordinary shares of £0.015 each | 109,266,931                     | 109,266,931 |
| Deferred shares of £0.049 each | 368,341,780                     | 368,341,780 |
|                                | 477,608,711                     | 477,608,711 |
|                                | £'000                           | £'000       |
| Ordinary shares of £0.015 each | 1,639                           | 1,639       |
| Deferred shares of £0.049 each | 18,049                          | 18,049      |
|                                | 19,688                          | 19,688      |

Deferred shares have no voting rights and no rights to distributions and therefore have been excluded from the calculations of Earnings per Share.

### Other reserves as previously stated in the Group statement of changes in equity

In September 2019 9,645,669 ordinary shares were issued on the acquisition of Pitreadie Farm Limited. The non cash consideration included £145,000 recorded against share capital, and £3,376,000 against a merger reserve. The merger reserve represents the premium on the issue of the consideration shares and is non distributable. Recorded in line with Section 612 of the Companies Act 2006.

# Notes to the financial statements

(continued)

## 26. Share based payments

### Share options – equity settled

Share options are granted from time to time at the discretion of the remuneration committee. All employees are eligible to receive share options. At 30 June 2023, 4 employees (2022: 7) held share options.

Share options have been awarded under two different schemes:

- Unapproved options
- Unapproved options with vesting conditions

### Share appreciation rights – cash settled

Certain key management and staff are awarded share appreciation rights (SARs), to be settled in cash. The fair value of the SARs is measured at each reporting date using the Black-Scholes-Merton model. The carrying amount of the liability relating to the SARs at 30 June 2023 is £957,000 (2022: £1,918,000).

### Deferred share payments – cash settled

R Finlay and C MacLaren participated in deferred share payments (DSPs) arrangements for Non-Executive Directors. R Finlay will receive 166,666 shares subject to them fulfilling a three year service commitment. C MacLaren will receive 235,756 shares subject to them fulfilling a three year service commitment completed and a further 230,769 shares subject to them fulfilling a further three year service commitment. The Company reserves the right, at its sole discretion to settle the payment in cash and the DSPs have been accounted for as cash-settled transactions. The fair value of the DSPs is measured at each reporting date using the closing share price of The Parkmead Group plc.

The carrying amount of the liability relating to the DSPs at 30 June 2023 is £53,000 (2022: £104,000).

### (Credit)/expense arising from share based payments

The (credit)/expense recognised for employee services received during the year is shown as follows:

|                                     | 2023<br>£'000 | 2022<br>£'000 |
|-------------------------------------|---------------|---------------|
| Equity-settled share based payments | -             | 87            |
| Cash-settled share based payments   | (1,218)       | 477           |
|                                     | (1,218)       | 564           |

The SARs are settled by cash and are therefore revalued with the movement in share price.

### Movements in the year

The movement in share option awards during the year ended 30 June 2023 is as follows:

|                        | 2023      |                                 | 2022      |                                 |
|------------------------|-----------|---------------------------------|-----------|---------------------------------|
|                        | Number    | Weighted average exercise price | Number    | Weighted average exercise price |
| Outstanding at 1 July  | 1,295,767 | £0.31                           | 1,598,300 | £0.31                           |
| Granted                | 690,000   | £0.31                           | -         | -                               |
| Lapsed                 | (745,767) | £0.31                           | (302,533) | £0.37                           |
| Outstanding at 30 June | 1,240,000 | £0.28                           | 1,295,767 | £0.31                           |
| Exercisable at 30 June | 300,000   | £0.35                           | 215,767   | £0.37                           |

## 26. Share based payments (continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Expiry date      | Exercise price | 2023             | 2022             |
|------------------|----------------|------------------|------------------|
| 21 December 2025 | £0.41          | –                | 65,267           |
| 7 December 2027  | £0.35          | –                | 90,500           |
| 1 January 2029   | £0.35          | –                | 60,000           |
| 1 December 2029  | £0.35          | 300,000          | 300,000          |
| 1 January 2030   | £0.35          | –                | 100,000          |
| 21 December 2030 | £0.27          | 250,000          | 680,000          |
| 15 August 2032   | £0.45          | 200,000          | –                |
| 14 June 2033     | £0.19          | 490,000          | –                |
|                  |                | <b>1,240,000</b> | <b>1,295,767</b> |

The options outstanding at 30 June 2023 had a weighted average remaining contractual life of 8.5 years (2022: 7.6 years).

The fair value of the share options granted have been calculated using the Black-Scholes-Merton model. The inputs into the model and resulting fair values were as follows:

|               | Share price | Exercise price | Volatility | Vesting period | Expected life | Expected dividend yield | Risk free rate | Fair value |
|---------------|-------------|----------------|------------|----------------|---------------|-------------------------|----------------|------------|
| November 2019 | £0.63       | £0.35          | 54%        | 3 years        | 10 years      | 0%                      | 1.56%          | £0.41      |
| January 2020  | £0.50       | £0.35          | 45%        | 3 years        | 10 years      | 0%                      | 1.27%          | £0.28      |
| December 2019 | £0.50       | £0.35          | 46%        | 3 years        | 10 years      | 0%                      | 0.84%          | £0.28      |
| January 2020  | £0.47       | £0.35          | 51%        | 3 years        | 10 years      | 0%                      | 0.82%          | £0.27      |
| December 2020 | £0.37       | £0.27          | 55.9%      | 3 years        | 10 years      | 0%                      | 0.2%           | £0.23      |
| August 2022   | £0.45       | £0.45          | 60.7%      | 3 years        | 10 years      | 0%                      | 2.5%           | £0.28      |
| June 2023     | £0.19       | £0.19          | 63.8%      | 3 years        | 10 years      | 0%                      | 4.4%           | £0.12      |

Volatility was calculated from an average of the Group's shares monthly volatility from March 2011.



## Notes to the financial statements

(continued)

### 26. Share based payments (continued)

The movement in SARs during the year ended 30 June 2023 is as follows:

|                        | 2023       |                                 | 2022       |                                 |
|------------------------|------------|---------------------------------|------------|---------------------------------|
|                        | Number     | Weighted average exercise price | Number     | Weighted average exercise price |
| Outstanding at 1 July  | 10,778,154 | £0.33                           | 10,778,154 | £0.33                           |
| Granted                | -          | -                               | -          | -                               |
| Exercised              | -          | -                               | -          | -                               |
| Lapsed                 | (700,000)  | £0.27                           | -          | -                               |
| Forfeited              | -          | -                               | -          | -                               |
| Outstanding at 30 June | 10,078,154 | £0.33                           | 10,778,154 | £0.33                           |
| Exercisable at 30 June | 6,101,734  | £0.38                           | 6,101,734  | £0.38                           |

The fair value of the SARs granted at 30 June 2023 have been calculated using the Black-Scholes-Merton model. The inputs into the model and resulting fair values were as follows:

|               | Number of SARs outstanding | Share price at 30 June 2023 | Exercise price | Volatility | Vesting Period | Expected life | Expected dividend yield | Risk free rate |
|---------------|----------------------------|-----------------------------|----------------|------------|----------------|---------------|-------------------------|----------------|
| December 2015 | 3,212,334                  | £0.15                       | £0.41          | 63.8%      | 1 year         | 10 years      | 0%                      | 4.40%          |
| December 2017 | 1,444,700                  | £0.15                       | £0.35          | 63.8%      | 1 year         | 10 years      | 0%                      | 4.40%          |
| December 2017 | 1,444,700                  | £0.15                       | £0.35          | 63.8%      | 2 years        | 10 years      | 0%                      | 4.40%          |
| December 2020 | 3,976,420                  | £0.15                       | £0.27          | 63.8%      | 3 years        | 10 years      | 0%                      | 4.4%           |

The fair value of the SARs granted at 30 June 2022 have been calculated using the Black-Scholes-Merton model. The inputs into the model and resulting fair values were as follows:

|               | Number of SARs outstanding | Share price at 30 June 2022 | Exercise price | Volatility | Vesting Period | Expected life | Expected dividend yield | Risk free rate |
|---------------|----------------------------|-----------------------------|----------------|------------|----------------|---------------|-------------------------|----------------|
| December 2015 | 3,212,334                  | £0.45                       | £0.41          | 49%        | 1 year         | 10 years      | 0%                      | 2%             |
| December 2017 | 1,444,700                  | £0.45                       | £0.35          | 49%        | 1 year         | 10 years      | 0%                      | 2%             |
| December 2017 | 1,444,700                  | £0.45                       | £0.35          | 49%        | 2 years        | 10 years      | 0%                      | 2%             |
| December 2020 | 4,676,420                  | £0.45                       | £0.27          | 49%        | 3 years        | 10 years      | 0%                      | 2%             |

## 27. Reconciliation of operating (loss)/profit to net cash flow from continuing operations

|                                                                     | Group         |               | Company       |               |
|---------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                     | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Operating profit/(loss)                                             | (35,224)      | 5,207         | (55,489)      | (3,141)       |
| Depreciation                                                        | 722           | 726           | 69            | 234           |
| Amortisation and exploration write-off                              | 32,834        | 860           | -             | -             |
| (Gain)/loss on sale of property, plant and equipment                | (36)          | 31            | -             | -             |
| Provision for share based payments                                  | -             | 87            | -             | 87            |
| Currency translation adjustments                                    | 74            | (462)         | 3             | (12)          |
| Impairment of property, plant and equipment: developed and produced | 13,030        | -             | -             | -             |
| Impairment of Goodwill                                              | -             | 2,174         | -             | -             |
| Impairment of investments                                           | -             | -             | 212           | 1,352         |
| Decreases/(increase) in receivables                                 | 1,077         | (667)         | 56,052        | 98            |
| Decrease in stock                                                   | 26            | 24            | -             | -             |
| Increase/(decrease) in payables                                     | (1,089)       | 58            | 1,514         | 452           |
|                                                                     | 11,414        | 8,038         | 2,361         | (930)         |

## 28. Reconciliation of liabilities arising from financing activities

The Group has a loan from financing activities which can be seen in Note 21. The Company has no liabilities from financing activities.

## 29. Leases

The Group and Company have entered into commercial leases. These non-cancellable leases have remaining terms of between one and five years. All leases include a clause to enable upward revision of lease charges according to prevailing market conditions.

Discounted maturity analysis of IFRS 16 Leases:

|                          | Group         |               | Company       |               |
|--------------------------|---------------|---------------|---------------|---------------|
|                          | 2023<br>£'000 | 2022<br>£'000 | 2023<br>£'000 | 2022<br>£'000 |
| Within one year          | 116           | 141           | -             | -             |
| Within two to five years | 242           | 364           | -             | -             |
| More than five years     | 279           | 275           | -             | -             |
|                          | 597           | 780           | -             | -             |

# Notes to the financial statements

(continued)

## 30. Ultimate controlling party and related party transactions

In the opinion of the Directors there is no ultimate controlling party. All other transactions and balances with related parties, which are presented for the Group and the Company, are detailed below.

### Transactions with subsidiaries

Transactions with subsidiaries mainly comprise sale and purchase of services in the ordinary course of business at normal commercial terms and in total amounted to £722,000 (2022: £1,255,000). The Parkmead Group plc received dividends from subsidiaries of £nil (2022: £nil). Any balances outstanding at 30 June 2023 and 2022 in respect of the above transactions are shown in Note 18 and Note 20.

### Transactions with Directors

In August 2012, the Company entered into a 10 year lease with Tilestamp Limited, a company where T P Cross is a director and a shareholder. The original lease has been extended via tacit relocation. In November 2015, the Company entered into an additional 10 year lease with Tilestamp Limited. Invoices paid during the period amounted to £335,000 (2022: £406,000). As at 30 June 2023 a right of use asset for leased buildings was held on the balance sheet of £215,000 (2022: £337,000). As at 30 June 2023 a lease liability for buildings was held on the balance sheet of £253,000 (2022: £364,000).

On 27 July 2017, The Parkmead Group plc entered into a credit facility with Energy Management Associates Limited, whereby Parkmead agreed to lend up to £2,900,000 to Energy Management Associates Limited in exchange for Parkmead being granted exclusive first rights over all renewable energy opportunities identified or held by Energy Management Associates Limited. The Loan was extended on 26 July 2021 for an additional two years, with a fixed interest rate of 2.5 per cent. Energy Management Associates Limited is a company where T P Cross is a director and a shareholder. The loan has been extended post year end by a further year to 27 July 2024 on the same terms. Further details of the Loan are provided in Note 17.

### Key management

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the directors of The Parkmead Group plc. Information regarding their compensation is given below in aggregate for each category specified in IAS 24 Related Party Disclosures:

|                                            | 2023<br>£'000 | 2022<br>£'000 |
|--------------------------------------------|---------------|---------------|
| Short-term employee benefits (Note 8)      | 705           | 651           |
| Post-employment pension benefits (Note 8)  | 9             | 10            |
| Share-based payment transactions (Note 26) | (1,218)       | 477           |
|                                            | (504)         | 1,138         |

### 31. Jointly Controlled Assets

Fields in production or under development as at 30 June 2023:

| Country     | Licence    | Block Destination | Field Name      | Field Operator                  | Net unit interest (%) |
|-------------|------------|-------------------|-----------------|---------------------------------|-----------------------|
| Netherlands | Andel Va   | Andel Va          | Brakel          | Vermilion Energy Netherlands BV | 15                    |
| Netherlands | Andel Va   | Andel Va          | Wijk en Aalburg | Vermilion Energy Netherlands BV | 15                    |
| Netherlands | Drenthe IV | Drenthe IV        | Grollo          | Vermilion Energy Netherlands BV | 15                    |
| Netherlands | Drenthe V  | Drenthe V         | Geesbrug        | Vermilion Energy Netherlands BV | 15                    |
| Netherlands | Drenthe VI | Drenthe VI        | Diever West     | Vermilion Energy Netherlands BV | 7.5                   |
| UK          | P.1293     | 14/18b            | Athena          | Ithaca Energy (UK) Limited      | 30                    |

Exploration acreage and discoveries as at 30 June 2023:

| Country     | Licence  | Block Destination              | Field Name     | Field Operator                  | Net unit interest (%) |
|-------------|----------|--------------------------------|----------------|---------------------------------|-----------------------|
| Netherlands | Andel Va | Andel Va                       | Ottoland       | Vermilion Energy Netherlands BV | 15                    |
| Netherlands | Andel Vb | Andel Vb                       | Kerkwijk       | Vermilion Energy Netherlands BV | 7.5                   |
| Netherlands | Andel Vb | Andel Vb                       | Molenaarsgraaf | Vermilion Energy Netherlands BV | 7.5                   |
| Netherlands | Papekop  | Papekop                        | Papekop        | Vermilion Energy Netherlands BV | 15                    |
| UK          | P.2516   | 14/20g, 15/16g                 | Fynn*          | Parkmead (E&P) Limited          | 50                    |
| UK          | P.218    | 15/21e                         | Perth          | Parkmead (E&P) Limited          | 100                   |
| UK          | P.218    | 15/21a                         | Dolphin        | Parkmead (E&P) Limited          | 100                   |
| UK          | P.2400   | 30/12c, 30/13c, 30/17h, 30/18c | Skerryvore     | Parkmead (E&P) Limited          | 30                    |

\* Licence expired 30 November 2023.

### 32. Adjustment to previously reported balances

During the year The Group and Company have reviewed the historic Share Premium Account and identified a discrepancy relating to the exercise of 2,100,000 Share Appreciation Rights (SARS) by T P Cross. The Group and Company incorrectly recorded the Share Premium as £2.49 per share instead of £0.40 per share. The share premium account being overstated by £4,392,000 and Retained deficit has been understated by £4,392,000. This has been restated:

|                                              | Group               |                                 | Company             |                                 |
|----------------------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
|                                              | 30/06/2021<br>£ 000 | Restated<br>30/06/2021<br>£ 000 | 30/06/2021<br>£ 000 | Restated<br>30/06/2021<br>£ 000 |
| <b>Equity attributable to equity holders</b> |                     |                                 |                     |                                 |
| Called up share capital                      | 19,688              | 19,688                          | 19,688              | 19,688                          |
| Share premium                                | 88,017              | 83,625                          | 88,017              | 83,625                          |
| Merger reserve                               | 3,376               | 3,376                           | 3,376               | 3,376                           |
| Retained deficit                             | (53,360)            | (48,968)                        | (22,367)            | (17,975)                        |
| <b>Total equity</b>                          | <b>57,721</b>       | <b>57,721</b>                   | <b>88,714</b>       | <b>88,714</b>                   |

### 33. Post balance sheet events

On 5 July 2023, The Group restored Deo Petroleum UK Limited to amend an SPA between Deo Petroleum UK Limited and Parkmead E&P Limited.

The loan with Energy Management Associates Limited has been extended post year end by a further year to 27 July 2024 on the same terms. Further details of the loan are provided in Note 17 and 30.

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# Officers and professional advisors

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## Directors

T P Cross  
A J Smith (Appointed 15 June 2023)  
C J MacLaren  
R J D Finlay  
R A Stroulger (Resigned 31 May 2023)

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## Solicitors

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## Secretary and Registered office

A J Smith (Appointed 15 June 2023)  
R A Stroulger (Resigned 31 May 2023)  
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## Registered number

03914068