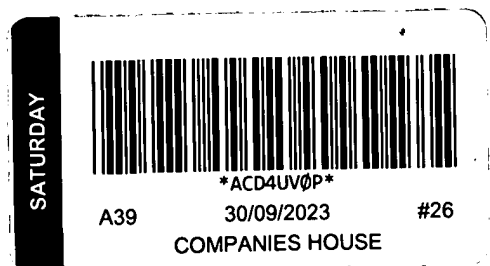


Company Registration No. 11788290

SDX Energy Holdings (UK) Limited

Report and Financial Statements

For the year ended 31 December 2022



SDX Energy Holdings (UK) Limited

Report and financial statements for the year ended 31 December 2022

Contents	Page
Officers and professional advisers	1
Strategic Report	2
Directors' Report	3
Statement of Directors' responsibilities in respect of the financial statements	5
Independent auditors' report	6
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

SDX Energy Holdings (UK) Limited

Report and financial statements for the year ended 31 December 2022

Officers and professional advisers

Directors

Mark Reid (resigned 7 February 2023)
Nicholas Box (resigned 7 February 2023)
Lesley Maclean (appointed 2 May 2023)
Jayanta Bhattacharjee (appointed 7 February 2023)

Registered Office

38 Welbeck Street
London
W1G 8DP

Bankers

HSBC Bank plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

Independent Auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

SDX Energy Holdings (UK) Limited

Strategic Report

The directors present their Strategic Report of SDX Energy Holdings (UK) Limited (“the Company”) for the year ended 31 December 2022.

Principal activities, results and review of the business

The Company’s principal activity is that of an investment holding company.

The Company’s financial performance and financial position is closely related to the financial performance of its principal subsidiary undertaking, SDX Energy Inc.

SDX Energy Plc, the ultimate parent company, manages the Company and other subsidiaries’ operations on a group basis. For this reason, and as a result of the nature of this Company, the Company’s directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of SDX Energy Plc and its subsidiaries (“the Group”), which include the Company, is discussed in the Group’s annual report, which does not form part of this report.

Principal risks and uncertainties

The Company exists to hold investments in subsidiary entities. The principal risk is the performance of the Company’s investments which the directors monitor regularly.

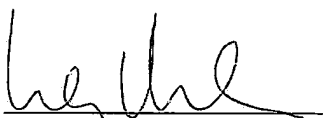
Financial risk management objectives and policies

As the Company’s principal activity is holding fixed asset investments, investment recoverability is the principal financial risk that the Company faced. The Company manages this risk by undertaking a yearly impairment indicator review for all investments held. If recoverability of an investment’s carrying value is deemed to be doubtful, an impairment provision is made.

Future developments

It is intended for the Company to continue to remain an investment holding company in the future.

Approved by the Board and signed on its behalf by:



Leslie Maclean, Director

28 September 2022

SDX Energy Holdings (UK) Limited

Directors' Report

The directors present their annual report on the affairs of SDX Energy Holdings (UK) Limited ("The Company"), together with the audited financial statements, for the year ended 31 December 2022. The Company is an intermediate holding company with subsidiaries that are engaged in petroleum exploration, development and production activities.

Activities and review of business

The Company's financial performance and financial position is closely related to the financial performance of its principal subsidiary undertaking, SDX Energy Inc.

SDX Energy Plc, the ultimate parent company, manages the Company and other subsidiaries' operations on a group basis. For this reason, and as a result of the nature of this Company, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of SDX Energy Plc and its subsidiaries ("the Group"), which include the Company, is discussed in the Group's annual report, which does not form part of this report.

The Company has not prepared consolidated financial statements as the ultimate parent, SDX Energy Plc, prepares consolidated financial statements for companies in the group. After making enquiries, the directors have a reasonable expectation that the Company and its Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Results and dividends

No dividends have been paid during the year. The directors do not recommend payment of a dividend.

Future developments

The Company does not expect to change its principal activity in the future.

Principal risks and uncertainties

Commodity price risk

Through its subsidiaries, the Company is exposed to oil and gas commodity price risk in respect of sale of its production entitlement. No hedging of commodity price risk is undertaken by the Company. A long-term substantial drop in oil prices could make it difficult for the SDX Energy Plc group to generate the cash flow required to fund its investment programme. Also, the economic viability of major development projects could be challenged until the development costs have adapted to volatile oil price.

Health, Safety and the Environment

The board of directors believe that the health and safety of all personnel involved in the Company's operations, together with a strong respect for the environment is of utmost importance. It is recognised that safe and environmentally sound operations are key to the Company's success and therefore the culture within the Company is to continually strive to improve the health, safety and environmental performance through constant care.

Financial risk

The Company's principal financial assets are receivables from Group companies. The credit risk associated with such items, having regard to the counterparties involved, has been assessed as low.

SDX Energy Holdings (UK) Limited

Directors' Report (continued)

Directors' indemnities

During the financial year and as at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company.

Employees

The Company has no staff. This is not expected to change in 2023.

Going Concern

The company is reliant on other Group companies for funding. The company's parent, SDX Energy Plc, has provided a letter of financial support stating its intention to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements. There is no guarantee this funding will be forthcoming and therefore there exists a material uncertainty that may cast doubts over the ability of the Group to continue as a going concern.

In making their assessment of going concern the directors have considered the letter of support from SDX Energy Plc and considered the material uncertainties included in the Group financial statements. However, notwithstanding the material uncertainty identified, the Directors have concluded that the Company's parent will have sufficient resources to support the Company as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of the consolidated financial statements. Accordingly, the financial statements have been prepared on a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate.

Directors and their interests

The following Directors resigned during the year;

Mark Reid Resigned: 7 February 2023

Nicholas Box Resigned: 7 February 2023

The following Directors were appointed during the year;

Jayanta Bhattacharjee Appointed: 7 February 2023

Lesley Maclean Appointed: 2 May 2023

The directors did not have any interests in the shares of the Company at any time during the year. In accordance with the Articles of Association, none of the directors are required to retire by rotation.

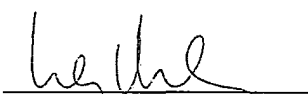
Independent auditors and disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that:

- (1) as far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

On behalf of the Board on 28 September 2023



Lesley Maclean, Director

SDX Energy Holdings (UK) Limited

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent Auditor's Report to the Members of SDX Energy Holdings (UK) Limited

Opinion

We have audited the financial statements of SDX Energy Holdings (UK) Limited for the year ended 31 December 2022 which comprise profit and loss account, balance sheet and the statement of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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, 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.

Material uncertainty relating to going concern

We draw attention to note 2 to the financial statements, which indicates that the company is reliant on financial support from its ultimate parent company, SDX Energy Plc. At the date of this report, the group headed by SDX Energy Plc requires further funding to continue its operations and meet its obligations. As such it is possible that support may not be available to the company and consequently the company may not be able to meet its liabilities as they fall due.

As stated in note 2, these events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion has not been modified in respect of this matter

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The directors are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small company's regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the 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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our 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 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Charlton
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

29 September 2023

SDX Energy Holdings (UK) Limited

Statement of comprehensive income For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover		-	-
Administrative expenses		(361)	(120)
Impairment on investments		(18,800,000)	-
Operating loss		(18,800,361)	(120)
Loss before taxation		(18,800,361)	(120)
Tax expense	5	-	-
Loss and total comprehensive loss for the year		(18,800,361)	(120)

SDX Energy Holdings (UK) Limited


Statement of financial position As at 31 December 2022

	Note	2022 £	2021 £
Assets			
Investments in subsidiaries	4	22,144,607	40,944,607
Fixed assets		22,144,607	40,944,607
Cash and cash equivalents		19	280
Amounts owed by group undertakings	6	1	1
Current assets		20	281
Total assets		22,144,627	40,944,888
Liabilities			
Amounts owed to group undertakings	7	500	400
Current liabilities		500	400
Equity			
Share capital	8	2	2
Retained earnings		22,144,125	40,944,486
Total equity		22,144,127	40,944,488
Total equity and liabilities		22,144,627	40,944,888

The notes on pages 12 to 18 are an integral part of these Financial Statements.

The financial statements on pages 9 to 18 of SDX Energy Holdings (UK) Ltd registered number 11788290 were approved by the Board of Directors on 28 September 2023 and signed on their behalf by:

Signed on behalf of the Board of Directors



Director

Lesley Maclean

SDX Energy Holdings (UK) Limited

Statement of changes in equity For the year ended 31 December 2022

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2021	2	40,944,606	40,944,608
Loss for the year	-	(120)	(120)
Balance at 31 December 2021	2	40,944,486	40,944,488
Balance at 1 January 2022	2	40,944,486	40,944,488
Loss for the year	-	(18,800,361)	(18,800,361)
Balance at 31 December 2022	2	22,144,125	22,144,127

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

1. General information

SDX Energy Holdings (UK) Limited ("the Company") was incorporated on 25 January 2019 in order to act as a holding company. On date of incorporation the Company was named SDX Energy Limited and subsequently on 20 March 2019 it changed its name to SDX Energy Holdings (UK) Limited.

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 38 Welbeck Street, London, United Kingdom, W1G 8DP.

2. Accounting policies

Basis of preparation

The financial statements of SDX Energy Holdings (UK) Limited (the Company) have been prepared in accordance with FRS 101 as they apply to the Company for the year ended 31 December 2022, and with the Companies Act 2006. The financial statements were approved by the Board and authorised for issue on 28 September 2023.

Although some portion of expenses are incurred in GBP, due to the fact the Company is established in the UK, management has analysed the essence of the business under the scope of IAS 21 - "The effects of changes in foreign exchange rates" and concluded that the Company's functional currency is the USD ("the functional currency"). The reasons for this conclusion are: (i) it is the currency in which the funds for financial resources are principally obtained from the Group; (ii) the Company does not have a significant degree of autonomy, as its activities are carried out as an extension of the Group (whose entities have the USD as their functional currency); and (iii) frequent and extensive inter-company transactions occur between the Company and the Group. The financial statements are presented in Great British Pounds (GBP), which is the Company's presentation currency and all values are rounded (£) except when otherwise indicated.

These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101. The company has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to IAS 1 Presentation of financial statements – Paragraph 10(d) a statement of cash flows for the period, IAS 1 Presentation of financial statements – Paragraph 111 cash flow information, IAS 1 Presentation of financial statements - Paragraphs 134–136– Information on an entity's objectives, policies and processes for managing capital (qualitative and quantitative), IAS 7 Statement of cash flows, IAS 8 accounting policies, changes in accounting estimates and errors, IFRS 7 financial instruments disclosures, IFRS 13 fair value measurement and IAS 24 related party disclosures.

The preparation of financial statements in compliance with adopted FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. In preparing these financial statements there are no significant judgments and estimates that have been made and would have a material impact.

The company is a wholly-owned subsidiary of SDX Energy Plc and is included in the consolidated financial statements of SDX Energy Plc which are publicly available

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

Consolidated financial statements

The Company is a wholly owned subsidiary of SDX Energy Plc. It is included in the consolidated financial statements of SDX Energy Plc which are publicly available. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is SDX Energy Plc. The address of the parent's registered office is 38 Welbeck Street, London, United Kingdom, W1G.

Going concern

The company is reliant on other Group companies for funding. The company's parent, SDX Energy Plc, has provided a letter of financial support stating its intention to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements. There is no guarantee this funding will be forthcoming and therefore there exists a material uncertainty that may cast doubts over the ability of the Group to continue as a going concern.

In making their assessment of going concern the directors have considered the letter of support from SDX Energy Plc and considered the material uncertainties included in the Group financial statements. However, notwithstanding the material uncertainty identified, the Directors have concluded that the Company's parent will have sufficient resources to support the Company as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of the consolidated financial statements. Accordingly, the financial statements have been prepared on a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate.

Foreign currency translation

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to GBP at the period end exchange rate.

Investment in subsidiaries

In the company's balance sheet, Investments in subsidiaries are measured at cost less accumulated impairment losses. At each reporting period, investments in subsidiaries are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Financial instruments:

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been transferred and the Company has transferred substantially all risks and rewards of ownership.

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

Financial instruments (continued):

(i) Non-derivative financial instruments (continued)

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand, deposits with banks, term deposits, and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities at amortised cost include trade payables. Trade payables are initially recognised at the amount required to be paid, less (when material) a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method.

Financial assets

Trade and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market and are measured at amortised cost. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

(i) Equity instruments

Equity instruments are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity, net of any tax effects, if any.

New accounting standards adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable

3. Critical accounting judgements and key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities is the recoverable value of investment in subsidiaries. The Company evaluates investments in subsidiaries for indicators of impairment if required. Any impairment test, where required, involves estimates and associated assumptions related to several factors. No such indicators have been identified for the year ended 31 December 2022.

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

4. Investments in subsidiaries

		2022 £	2021 £
SDX Energy Inc.	100%	22,144,607	40,944,607
		<u>22,144,607</u>	<u>40,944,607</u>

The Company holds 100% of the issued share capital of SDX Energy Inc., a Company incorporated in Canada with its registered office at 38 Welbeck Street, London, W1G 8DP, United Kingdom.

Assessment of carrying value of investments in group undertakings

The carrying value of the Company's investment in group undertakings has been tested for impairment in accordance with IAS 36 Impairment of Assets. The carrying value is compared to the asset's recoverable amount and has been assessed by reference to value in use.

The value in use has been calculated based upon a discounted cash flow methodology using the most recent forecasts prepared by management of the SDX Energy plc group.

These forecasts:

- are consistent with the independent technical and economic valuation of the Group's Egyptian and Moroccan assets performed by Gaffney, Cline & Associates ("GCA") which has an effective date of 31 December 2022;
- cover the period up till the end of the asset's economic useful life. Cash flows are assumed to grow at 2.0% which is based on inflation forecasts by recognised bodies;
- reflect estimation uncertainty using a rundown scenario for future general and administrative ("G&A") expenditure incurred. The assumptions are consistent with expected G&A expenditure in a non-growing, declining value in use scenario;
- include ongoing capital expenditure required to maintain the current exploitation concessions but excludes any growth from future exploration that the Company expects to undertake in 2023 and beyond.

The key assumptions for the value in use calculation are reserves and price estimates, future G&A expenditure incurred, discount rates and foreign exchange. Management estimates discount rates that reflect current market assessments of the time value of money and the rate of return a market participant would require. The rate used to discount the forecast cash flows reflects the individual businesses in the Group and is 15.0% post-tax.

As a result of this analysis, the directors have determined that an impairment charge of £18.8 million is required.

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

5. Tax expense

	2022 £	2021 £
(a) Analysis of charge in the year		
Current tax		
Current tax on loss	-	-
Total current tax	-	-
(b) Factors affecting tax charge for the year		
	2022 £	2021 £
Loss before taxation	(18,800,361)	(120)
Tax on loss at 19% (2021: 19%)	(3,572,069)	(23)
Effects of:		
Non-deductible items	3,572,000	-
Losses not recognised for deferred tax	69	23
Total tax on loss	-	-

The Finance Act 2021 confirmed an increase of UK corporation tax from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date. In addition, from 1 April 2023, a 19% small profits rate of corporation tax was introduced for companies whose profits do not exceed £50,000.

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

6. Amounts owed by group undertakings

	2022 £	2021 £
SDX Energy Investments (UK) Ltd.	1	1
	<u>1</u>	<u>1</u>

Current amounts due from group companies are non-interest bearing and repayable on demand.

7. Amounts owed to group undertakings

	2022 £	2021 £
Sea Dragon Energy (UK) Ltd.	500	400
	<u>500</u>	<u>400</u>

8. Called up share capital

	2022 Number	2021 Number
Authorised, issued and fully paid ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

9. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 31 December 2022.

10. Immediate and ultimate holding company

SDX Energy Plc, a company incorporated in the United Kingdom, is the immediate and ultimate parent company of SDX Energy Holdings (UK) Limited and is the smallest and largest company in which this Company is consolidated. The registered address of SDX Energy Plc is 38 Welbeck Street, London W1G 8DP, United Kingdom.

11. Auditors' remuneration

Auditors' remuneration for audit work, which amounted to £8k, has been met by a fellow group company. There were no other fees for any other services paid to the auditors. No Director had any interest in the shares of the Company. The interests of the Directors in the shares of the parent company at the reporting date are shown in the parent company's consolidated annual financial statements. The Directors did not receive any emoluments in respect of their services to this entity.

12. Directors' emoluments

The Directors did not receive any emoluments in respect of their services to this entity. This has been met by a fellow group company.

SDX Energy Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2022

13. Related undertakings

All subsidiaries and joint arrangements (Brentford Oil Tools) are listed below. A list of the investments in subsidiary undertakings (all of whose operations comprise one class of business, being oil and gas exploration, development and production), including the name, proportion of ownership interest, country of operation and country of registration, is given below.

Name	Percentage ownership	Country of operation	Registered address
SDX Energy Inc.	100%	Canada	1900, 520 - 3rd Avenue SW, Centennial Place, East Tower, Calgary, Alberta T2P 0R3
Sea Dragon Energy (UK) Limited	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Investments (UK) Limited	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Morocco (UK) Limited	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Cooperatieve U.A.	100%	The Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding B.V.	100%	The Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Egypt (Nile Delta) B.V.	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (GOS) B.V.	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (Nile) B.V.	67%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (NW Gamsa) B.V.	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding Ltd.	100%	British Virgin Islands	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
NPC (Shukheir Marine) Ltd	100%	Egypt	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
Madison International Oil and Gas Ltd.	100%	Barbados	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Egypt Oil and Gas Ltd	100%	Egypt	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Cameroon Oil and Gas Ltd.	100%	Cameroon	Erin Court, Bishop's Court Hill, St. Michael, Barbados
SDX Energy Egypt (Meseda) Ltd	100%	Egypt	10, Road 261, New Maadi, Cairo, Egypt
SDX Energy Morocco (Jersey) Limited	100%	Morocco	P.O. Box 771, Ground Floor, Colomberie Close, St. Helier, Jersey
Limerick Services SARL	100%	Morocco	2 Rue Ghazaoua la pinède Souissi, Rabat, Morocco
Brentford Oil Tools	50%	Egypt	7 Nazeh Khalifa st., El Korba, Misr El Gadiga, Cairo, Egypt