

Registered number: 08838907

Nobel Oil E&P (UK) Limited

**Directors' Report and Consolidated Financial Statements for the Year
Ended 31 December 2022**

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Nobel Oil E&P (UK) Limited

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Nobel Oil E&P (UK) Limited

Company information

Directors

Lawrence E Bates
Matthew J Bryza
Francis S Sommer
Imran Ahmadzada

Registered office

48 Dover Street
London W1S 4FF
United Kingdom

Independent auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom

Registered number

08838907

Nobel Oil E&P (UK) Limited

Strategic report for the year ended 31 December 2022

The Directors present their strategic report on Nobel Oil E&P (UK) Limited ("Company") and its Group for the year ended 31 December 2022. For the purposes of this report the "Group" means the Company and all its subsidiary undertakings. The trade name used by the Group is "Nobel Upstream".

Overview of business

The principal activities of the Group during the year were to invest in and manage investments in oil and gas operations. See note 12 of the financial statements for further details.

The Company is a limited liability company, which acts as a holding company of the Group and is incorporated and domiciled in the United Kingdom. The address of its registered office is 48 Dover Street, London, England, W1S 4FF, United Kingdom.

During 2022, paid-up share capital of the Company remained unchanged at \$91,420,001 (2021: \$91,420,001) representing 91,420,001 (2021: 91,420,001) issued ordinary shares of \$1 nominal value each.

During 2022, paid-up share capital of the Company's wholly-owned subsidiaries were as follows:

- Nobel Oil E&P North America (UK) Limited remained unchanged at \$43,593,737 representing 43,593,737 issued ordinary shares of \$1 nominal value each,
- Nobel Oil E&P Management (UK) Limited remained unchanged at \$36,160,000 representing 36,160,000 issued ordinary shares of \$1 nominal value each,
- Nobel Oil E&P Caspian Limited remained unchanged at GBP £102 representing 102 issued ordinary shares of GBP £1 nominal value each,
- Nobel Oil E&P North Sea Limited remained unchanged at \$16,000,100 representing 16,000,100 issued ordinary shares of \$1 nominal value each,
- Nobel Upstream Management PLC remained unchanged at \$75,000 representing 75,000 issued ordinary shares of \$1 nominal value each.

Strategy

The strategy of the Group is to build and manage a profitable portfolio of assets that will combine operated and non-operated positions in large basins in mature markets such as US West Texas and UK North Sea and in emerging markets like Azerbaijan and the greater Caspian region. The strategic objective is to bridge these two types of markets with technology, partnerships and good governance.

The strategic focus is on large, proven hydrocarbon basins where sophisticated technical planning and strong operational execution can unlock value. The Group is not in the frontier exploration business. Instead, the Group uses its subsurface, technical and commercial skills to design, execute and manage appraisal and development programs, including mature field production enhancement projects.

The successful execution of the strategy requires focused technical and operational expertise, strong partnerships and deep experience in the regions where the Group operates.

The Group has three non-operated production businesses in its portfolio and is actively developing additional acquisition opportunities and partnerships. The strong rebound in activity following the COVID-19 pandemic lockdowns and supply chain concerns continued to put upward pressure on oil prices through 2022, peaking at over \$120/bbl in June. However, aggressive interest rate hikes by the US Federal Reserve to curb inflation and growing fears of demand destruction and oncoming recession precipitated the fall in oil prices to about \$80/bbl by year-end. European gas prices shot up to unprecedented levels in 2022 in the wake of the Russian invasion of Ukraine in February 2022, and subsequent western sanctions against Russia, especially in respect of imports of Russian gas. In search of alternative gas supplies, European countries turned to Azerbaijan, seeking a doubling of Azerbaijan's gas exports in the medium term. The Umid-Babek asset is one of the few material gas resources capable of supplying increased gas exports to Europe. The apparent long-term shift by the European oil majors toward renewable energy will likely create opportunities for the independent upstream players to capture oil and gas assets in the short-to-medium term. However, the ESG pressures on banks and other financial services providers have often created obstacles to accessing debt funding, especially for smaller oil and gas companies. With available shareholder capital, the Group is well positioned to take advantage of the current

Nobel Oil E&P (UK) Limited

Strategic report for the year ended 31 December 2022 (continued)

environment in pursuit of its growth strategy and to invest both organically and inorganically with a combination of equity and debt.

Business performance

The Group generated exceptional results in 2022. The Group's revenues reached their highest level of \$100.6 million in 2022, growing by 77% compared with 2021. This was achieved through a 22% increase in production and a 45% increase in oil price realisations to \$94 per barrel. The Group's 2022 total lifting costs increased by 64%, driven by a larger asset base and higher opex per boe, which is still only \$8.9/boe. Cash overheads were 8% higher in absolute terms but at \$5.1/boc were 11% lower than in 2021.

In 2022, the Group generated \$64.9 million of net operating cash flow before changes in working capital – a new record, which was 95% higher than the 2021 level.

The Group's net income for 2022 was \$90.2 million, of which \$57.5 million was driven by gains relating to the investment in Azerbaijan from the valuation of the put option.

The Group invested \$51.0 million in capital expenditure (mostly in the US) in 2022.

Key highlights of the business performance by geography include the following:

Azerbaijan

The Group continued to work with SOCAR (State Oil Company of the Republic of Azerbaijan) on optimising the field development plans for the giant multi-TCF Umid-Babek gas and condensate field and attracting an international oil company as an operating partner within the framework of the Umid-Babek Risk Service Agreement.

USA

The Group continued to grow its oil and natural gas production from the existing wells in the Permian Basin, drilling and completing five new wells. Revenues from the Permian assets reached their highest level at \$84.7 million in 2022 – 70% higher than in 2021. Further contiguous acreage acquisitions were made expanding the existing acreage position to over 35,000 net acres with ca. 20,000 net acres held by production.

UK

The Group's revenues from the North Sea business at \$15.9 million were more than double the 2021 level. The Group continued to pursue a number of inorganic business development options with a focus on growing and diversifying its North Sea portfolio. However, the UK government introduced an Energy Profits Levy (EPL) at 25% with sunset expectations linked to commodity prices in May 2022. The EPL was subsequently increased to 35% fixed until March 2028. Consequently, UK producers now face a 75% tax rate in the UK versus 40% in 2021.

Future developments

Building on the successes of 2022, the Group is continuing its relentless pursuit of a focused strategy through both organic and inorganic investments. In the near term, the Group will focus on the following activities:

Azerbaijan

The current situation in the European gas markets presents a unique opportunity for maximising value of the Umid-Babek gas condensate field over the short, medium and long term. The Group is in discussion with SOCAR (under its new governance system implemented by the Azerbaijani government) to capture these opportunities in conformance with the contractual framework. The anticipated field development programme will include a new offshore installation on the Umid part of the field and drilling the first exploration/appraisal well on the Babek portion of the field. The Group will also continue to seek recovery of outstanding receivables of \$75 million plus interest from SOCAR.

Nobel Oil E&P (UK) Limited

Strategic report for the year ended 31 December 2022 (continued)

USA

The Group has agreed the next phase of development with its operating partner in its existing Permian acreage in Texas while also expanding its leasehold acreage contiguously. The Group is also considering opportunities to consolidate other properties in and around its current position in the Permian.

UK

The Group will continue working with its co-venturers and TotalEnergies as the operator to maximise/optimize production from the existing wells and drill new wells in the Maclure, Ballindalloch and Dunnottar oil fields as well as progress the future gas blowdown project.

As noted above, the UK government's introduction of the EPL effectively raising the tax rate to 75% has had a chilling impact on the Group's future prospects in the UKCS. The Group is now reconsidering its future strategy in respect of the North Sea.

Key performance indicators

The Group's key performance indicators are as follows:

	2022	2021
Lost Time Incidents	Zero	Zero
2P Reserves (MMboe; *)	18.3	10.3
Contingent Resources (MMboe; **)	79.8	88.5
Production (barrels of oil equivalent per day)	2,518	2,068
Revenue (\$'000)	100,583	56,916
Realised oil price per barrel (\$)	94	65
Opex per barrel of oil equivalent (\$)	8.9	6.7
Cash generated/ (used) in operations (\$'000)	57,665	31,795
Cash capex (\$'000)	(50,962)	(28,926)
Total comprehensive income/ (loss) (\$'000)	89,869	126,470

* reserves are quoted on a net revenue interest or net entitlement basis;

** contingent resources relate to technically recoverable hydrocarbons for which commerciality has yet to be determined and are recorded on net working interest or net entitlement basis;

*** opex represents costs of production and transportation operations and other lease operating expenses.

Principal risks and uncertainties

The Group is generally exposed to the risks inherent in the global oil and gas markets of pricing and regulation. In addition, the Group invested in, or is considering investment in, areas exposed to political risk. The Group's principal risks could prevent the business from executing its strategy and creating shareholder value.

Significant risks during 2022 were:

- Oil price shocks;
- Production downtime in the Maclure, Ballindalloch and Permian fields;
- Inability to execute Phase 4 of development in the Permian asset and significant cost pressures due to inflation;
- Rising US interest rates increasing financing costs;
- Lack of co-venturer support to progress development of the Maclure, Ballindalloch and Dunnottar fields;
- Inability to or delay in attracting an international oil company into the Umid-Babek RSA;
- SOCAR undertaking activities in the Umid-Babek block without the Group's approval;
- SOCAR breaching agreements and delaying payment of monies due;
- Inability to progress business development opportunities and secure third-party debt in support of the growth agenda; and,

Nobel Oil E&P (UK) Limited

Strategic report for the year ended 31 December 2022 (continued)

- Unexpected and significant changes to the tax rates and policies in the jurisdictions in which the Group operates.

Significant risks in 2023 are:

- Oil price shocks;
- Market disruptions and collateral damage caused by the Russian-Ukrainian war and sanctions;
- Production downtime in the Maclure, Ballindalloch and Permian fields;
- Inability to execute the next phase of development as planned and/or significant cost pressures due to inflation in the Permian asset;
- Rising US interest rates increasing financing costs;
- Lack of co-venturer support to progress development of the Maclure, Ballindalloch and Dunnottar fields;
- Acceleration of cessation of production on the Gryphon FPSO;
- Inability to or delay in attracting an international oil company into the Umid-Babek RSA;
- SOCAR undertaking activities in the Umid-Babek block without the Group's approval;
- SOCAR breaching agreements and delaying payment of monies due; and
- Inability to progress business development opportunities and secure third-party debt in support of the growth agenda.

The principal risks and their management are described in the table below.

Risk description	Risk management
Health, Safety and Environment	
<p>The Group's operations are subject to general and specific regulations and restrictions governing workplace health and safety requirements, environmental requirements, social impacts, and other laws and regulations.</p> <p>An HSE incident may lead to an adverse effect on the Group's business, reputation, financial condition and prospects.</p>	<p>One of the core values reflected in the Group's Code of Conduct is Safety. The Code clearly states that HSE principles which are further detailed in the Safety and Operational Integrity Commitment apply to all personnel.</p> <p>The Board of Directors exercises oversight and monitors the HSE risk management within the Group. The Group CEO has overall accountability for compliance with HSE requirements. The HSE commitment is implemented across all Group locations through a set of policies and procedures.</p> <p>The Group's production assets are held through non-operated positions with clear contractual arrangements in place with the operators.</p>
Production and reserves replacement	
<p>The Group's production is critical to its success and is subject to a variety of risks driven by subsurface uncertainties and operational infrastructure. Lower than expected reservoir or operating performance may have a material impact on the Group's results.</p> <p>Estimates of commercial reserves and contingent resources can change with time. Changes in estimates may impact field production volumes, capital expenditure, operating costs and the life of fields, all of which contribute to the valuation of the relevant asset.</p> <p>Low oil prices can potentially affect reserve certifications as well as development of contingent and prospective resources.</p>	<p>The Group does not have direct control over oil and gas operations and can only exercise influence over the operators through existing contractual arrangements and relationships.</p> <p>The Group undertakes regular internal reviews. The Group's forecasts of production are risked reflecting relevant production risks.</p> <p>The Group puts a strong emphasis on subsurface analysis and utilises the expertise of industry-leading professionals. Management selects assets that are robust in a low oil price environment.</p> <p>All analyses are subject to internal and, where appropriate, external review.</p>

Nobel Oil E&P (UK) Limited

Strategic report for the year ended 31 December 2022 (continued)

Joint Venture ("JV") partners	
The Group's existing assets are operated by others. Dependence on the operators and/or failure by JV parties to fund their obligations may adversely impact the Group's business performance, value and reputation.	<p>The Group monitors operator performance and exercises its contractual rights through JV agreements to influence JV strategies, policies and performance.</p> <p>The Group undertakes a careful assessment of potential operators in evaluation of new acquisition opportunities to ensure alignment in strategic approach, company values and standards of conduct.</p>
Financial	
<p>Inability to fund financial commitments and ongoing operations.</p> <p>The Group is reliant on cash flows from operations and as required on funding from its sole shareholder, who has provided continued financial support.</p> <p>Exposure to local currency on costs in the UK and Azerbaijan denominated in GBP and AZN respectively due to their significant weakness against USD.</p>	<p>The Group has maintained a healthy cash balance and is generating sufficient cash flow from operations to fund its operating cash needs. New investments will be funded from a combination of the Group's cashflow as well as shareholder and third- party sources as appropriate.</p> <p>The Group reviews its cash flow requirements on an ongoing basis to ensure it has adequate resources.</p> <p>The Group is maintaining a focus on costs through cost reduction and rationalisation measures, whilst benefiting from the oil sales denominated in USD and costs predominantly denominated in GBP (partly naturally hedged by UK natural gas sales) and AZN.</p>
Oil and gas prices	
<p>A material decline in oil and gas prices adversely affects the Group's financial performance and the value of the existing assets.</p> <p>The oil price recovery following the opening up of the global economy post COVID-19 was boosted further by the geopolitical tension resulting from Russia's aggression towards Ukraine creating significant supply side uncertainty and tightness pushing up the commodity prices. Strong inflation globally in large part driven by easy money has led to aggressive interest rate rises by the US Federal Reserve and the other leading central banks. That in turn raised fears of recession, which coupled with the continued supply of cheap Russian crude to China and India have put downward pressure oil prices. The potential impact and likelihood of the oil price risk remain as high as ever due to volatility in the oil markets and susceptibility of the global economic growth to the lasting impacts of the loose fiscal and monetary policy in the wake of COVID-19 pandemic, emerging protectionism, trade wars between US and China, shifts in public perception of and policy towards the impact of the oil industry on the climate change, and Russian war in Ukraine.</p>	<p>This risk can be mitigated by a number of measures including hedging production, renegotiating supplier contracts and reducing costs and commitments.</p> <p>The Group monitors oil price sensitivity relative to its capital commitments and seeks assets that continue to cover cash costs in a low oil price environment.</p> <p>In addition, the Group regularly reviews and implements suitable policies to hedge against the possible negative funding impacts of changes in oil prices.</p>

This report was signed on behalf of the Board on 26 June 2023 by:

Lawrence E. Bates

Lawrence E. Bates (Jun 26, 2023 12:15 CDT)

Lawrence Bates

Chief Executive Officer

Nobel Oil E&P (UK) Limited

Directors' report for the year ended 31 December 2022

The Directors present their report for the year ended 31 December 2022.

Dividend

No dividend is proposed in respect of the year ended 31 December 2022 (2021: Nil).

Branches outside the UK

During the year and prior year, the Group held a representative office in Azerbaijan.

Future developments

Future development activities of the Group are provided in the strategic report on pages 3-4.

Political and charitable contributions

During the year the Group made no political or charitable contributions (2021: Nil).

Qualifying third-party indemnity provision

No qualifying third-party indemnity provisions were in place during the financial year and at the date of this report (2021: Nil).

Post balance sheet events

There were no adjusting or non-adjusting events that occurred after the balance sheet date and up to the date of signing the annual financial statements.

Going concern

The Group is operating on a going concern basis funded by its available cash balance and its cash flows generated from operations. Any additional investments will be funded by a combination of the Group's excess cash flow, third-party debt and shareholder capital. The Group's related party obligations will be supported by the shareholder. As such, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. Further information relating to the use of the going concern assumption is provided in note 2 of the financial statements.

Directors

The directors who held office during the year and up to the date of signing these financial statements, unless otherwise indicated, are:

Lawrence E Bates

Matthew J Bryza

Francis S Sommer

Yusif Jabbarov

Imran Ahmadzada

resigned on

appointed on

23 December 2022

23 December 2022

Nobel Oil E&P (UK) Limited

Directors' report for the year ended 31 December 2022 (continued)

Statement of disclosure of information to auditor

So far, as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Independent auditor

Ernst & Young LLP were appointed as auditor of the Company on 12 November 2014 and will continue in office in accordance with Section 487(2) of the Companies Act 2006.

This report was signed on behalf of the Board on 26 June 2023 by:

Lawrence E. Bates

Lawrence E. Bates (Jun 26, 2023 12:15 CDT)

Lawrence Bates

Chief Executive Officer

Nobel Oil E&P (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and 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 Company financial statements in accordance with international accounting standards in conformity with the requirements 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 and the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group and Company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 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 appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group'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 Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL OIL E&P (UK) LIMITED

Opinion

We have audited the financial statements of Nobel Oil E&P (UK) Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- 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 group 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.

Conclusions relating to going concern

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.

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 and parent company's ability to continue as a going concern for a period to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL OIL E&P (UK) LIMITED (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 9, 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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL OIL E&P (UK) LIMITED (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

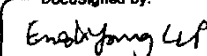
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards, Companies Act 2006, Value Added Tax Act 1994, Income and Corporation Taxes Act 1988, Pensions Act 2004, UK taxation for Oil and Gas Companies, Petroleum Act (as amended by the Energy Act 2008), UK Environmental regulations, General Data Protection Act 2018 'GDPR').
- We understood how Nobel Oil E&P (UK) Limited is complying with those frameworks by making enquiries of management and with those responsible for legal and compliance procedures. Other procedures performed to address the risk of management override included evaluating the business rationale for significant unusual and one-off transactions, reviewing the minutes of the Board of Directors and including a level of unpredictability in our testing.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by focussing on opportunities for management to reflect bias in key accounting estimates. We also incorporated journal entry testing into our audit approach.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved corroborating our enquiries through our review of Board minutes and correspondence received from regulatory bodies and lawyers and we noted that there was no contradictory evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

DocuSigned by:

2A920C6728924D5

Gary Donald (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

26 June 2023

Nobel Oil E&P (UK) Limited

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

		2022 \$'000	2021 \$'000
Revenue	5	100,583	56,916
Cost of sales	6	(47,858)	(30,009)
Gross profit		52,725	26,907
Administrative expenses	6	(6,092)	(5,574)
Operating profit		46,633	21,333
Interest income		188	23
Interest expense		(1)	(1)
Gain on revaluation of the derivative financial asset	14	57,500	31,400
Other income	14	-	75,000
Foreign exchange (loss)		(34)	(5)
Profit before income tax		104,286	127,750
Income tax (charge)	9	(14,417)	(1,280)
Profit for the financial year		89,869	126,470
Attributable to:			
Owner of the parent		89,869	126,470
Total comprehensive income for the financial year		89,869	126,470
Attributable to:			
Owner of the parent		89,869	126,470

All amounts relate to continuing operations.

The notes on pages 19 to 51 are an integral part of these consolidated financial statements.

As permitted by Section 408 of the Companies Act 2006, the consolidated statement of profit or loss and other comprehensive income of the parent company is not presented as part of these financial statements. The parent company's result for the financial year was a profit of \$4,336,000 (2021: profit of \$5,574,000).

Consolidated statement of financial position as at 31 December 2022

Assets	Note	2022	2021
		\$'000	\$'000
Non-current assets			
Property, plant and equipment	10	120,710	82,373
Intangible assets	11	9,528	12,393
Goodwill	13	5,146	5,146
Investment in joint venture	12	114,838	114,838
Trade and other receivables	15	382	548
Derivative financial instrument	14	533,600	476,100
Deferred tax asset	9	325	2,828
		784,529	694,226
Current assets			
Inventories		1,663	355
Trade and other receivables	15	85,587	79,417
Cash and cash equivalents	16	26,247	23,783
		113,497	103,555
Total assets		898,026	797,781
Equity and liabilities			
Equity attributable to the owner of the parent			
Share capital	20	91,420	91,420
Share premium	20	15,840	15,840
Merger reserve	21	20,592	20,592
Retained earnings	22	665,144	575,275
Total equity		792,996	703,127
Liabilities			
Non-current liabilities			
Provisions	23	5,688	5,512
Long-term debt	18	21,795	25,309
Deferred tax liability	9	11,410	838
		38,893	31,659
Current liabilities			
Trade and other payables	17	11,106	8,673
Short-term debt	18	3,715	6
Amounts owed to related parties	25	51,316	54,316
		66,137	62,995
Total liabilities		105,030	94,654
Total equity and liabilities		898,026	797,781

The notes on pages 19 to 51 are an integral part of these consolidated financial statements.

The financial statements were authorised for issue on 26 June 2023 and were signed on behalf of the Board by:

Lawrence E. Bates

Lawrence E. Bates (Jun 26, 2023 12:15 CDT)

Lawrence Bates

Chief Executive Officer

Company statement of financial position as at 31 December 2022

Assets	Note	2022	2021
		\$'000	\$'000
Non-current assets			
Investments in subsidiaries	12	127,767	124,011
		127,767	124,011
Current assets			
Cash and cash equivalents	16	-	4
Receivables from related parties	25	269	-
		269	4
Total assets		128,036	124,015
Equity and liabilities			
Equity attributable to the owner of the parent			
Share capital	20	91,420	91,420
Share premium	20	15,840	15,840
Merger reserve	21	20,592	20,592
Retained deficit	22	(6,646)	(10,982)
Total equity		121,206	116,870
Liabilities			
Non-current liabilities			
Financial guarantees	19	1,048	1,595
		1,048	1,595
Current liabilities			
Trade and other payables	17	19	25
Payables to related parties	25	5,216	4,978
Financial guarantees	19	547	547
Total liabilities		5,782	5,550
Total liabilities		6,830	7,145
Total equity and liabilities		128,036	124,015

The notes on pages 19 to 51 are an integral part of these consolidated financial statements.

The financial statements were authorised for issue on 26 June 2023 and were signed on behalf of the Board by:

Lawrence E. Bates

Lawrence E. Bates (Jun 26, 2023 12:15 CDT)

Lawrence Bates

Chief Executive Officer

Nobel Oil E&P (UK) Limited

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

		Equity attributable to the owner of the parent				
		Share capital	Share Premium	Merger reserve	Retained earnings	Total equity
Group	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2021		91,420	15,840	20,592	448,805	576,657
Profit for the year	22	-	-	-	126,470	126,470
Balance at 1 January 2022		91,420	15,840	20,592	575,275	703,127
Profit for the year	22	-	-	-	89,869	89,869
Balance at 31 December 2022		91,420	15,840	20,592	665,144	792,996
		Share capital	Share Premium	Merger reserve	Retained deficit	Total equity
Company		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2021		91,420	15,840	20,592	(16,556)	111,296
Total comprehensive (deficit) for the year	22	-	-	-	5,574	5,574
Balance at 1 January 2022		91,420	15,840	20,592	(10,982)	116,870
Total comprehensive income for the year	22	-	-	-	4,336	4,336
Balance at 31 December 2022		91,420	15,840	20,592	(6,646)	121,206

The notes on pages 19 to 51 are an integral part of these consolidated financial statements.

Nobel Oil E&P (UK) Limited

Consolidated statement of cash flows for the year ended 31 December 2022

		2022	2021
		\$'000	\$'000
Cash flows from operating activities:	Note		
Profit before income tax		104,286	127,750
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation	10	16,854	10,881
Amortisation	11	1,342	1,360
Accretion	23	76	67
Net gain on derivative instrument at fair value through profit or loss	14	(57,500)	(31,400)
Other income		-	(75,000)
Interest (income)		(187)	(22)
Change in working capital:			
(Increase) in trade and other receivables		(5,528)	(1,589)
(Decrease) in trade and other payables		(363)	(479)
(Increase)/ Decrease in inventory		(1,311)	352
Exchange (gains)/ losses from operating activities		(4)	42
Net cash generated from operating activities		57,665	31,962
Cash used in investing activities:			
Purchases of property, plant and equipment	10	(47,311)	(24,231)
Payments for intangible assets	11	(3,651)	(4,695)
Payment of security deposit on leasehold property		-	-
Net cash used in investing activities		(50,962)	(28,926)
Cash flows from financing activities:			
Interest income/ (expense)		187	22
Increase in bank loans	10,18	(173)	-
Interest payments capitalised to property, plant and equipment	10,18	(1,253)	-
Loan repaid to related party	25	(3,000)	(3,000)
Net cash generated from financing activities		(4,239)	(2,978)
Net increase in cash and cash equivalents		2,464	58
Cash and cash equivalents at 1 January		23,783	23,725
Exchange losses on cash and cash equivalents		-	-
Cash and cash equivalents at 31 December		26,247	23,783

The notes on pages 19 to 51 are an integral part of these consolidated financial statements.

Nobel Oil E&P (UK) Limited

Company statement of cash flows for the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities:			
Profit/ (loss) before income tax		4,336	5,574
Change in working capital:			
Increase/ (decrease) in trade and other payables		(553)	(547)
Adjustments for non-cash items:			
Impairment charge	12	-	-
Impairment reversal	12	(3,756)	(4,999)
Net cash generated from operating activities		27	28
Cash flows from financing activities:			
Amounts received from subsidiary undertakings	25	(386)	13
Amounts paid to subsidiary undertakings	25	355	(45)
Loan repaid to related party	25	-	-
Proceeds from issuance of ordinary shares	20	-	-
Net cash generated/ (used) from financing activities		(31)	(32)
Net (decrease) in cash and cash equivalents		(4)	(4)
Cash and cash equivalents at 1 January		4	8
Cash and cash equivalents at 31 December		-	4

The notes on pages 19 to 51 are an integral part of these consolidated financial statements.

Nobel Oil E&P (UK) Limited

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

1. General information

The general information of the Company and of its Group are provided in the strategic report on page 2.

The Company is a limited company, which acts as a holding company of the Group and is incorporated and domiciled in the United Kingdom. The address of its registered office is 48 Dover Street, London, England, W1S 4FF, United Kingdom.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the period presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments that have been measured at fair value.

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial statements are presented in US dollars, and all values are rounded to the nearest thousand (\$'000), except where otherwise indicated.

Going concern

The financial statements have been prepared on the going concern basis. The Group will meet its ongoing obligations at least over the next 12 months from its available cash balance and cash flows generated from operations.

The Group monitors its capital position and its liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements. Sensitivities are run to reflect latest expectations of expenditures, forecast oil and gas prices and other negative economic scenarios in order to manage the risk of funds shortfalls to ensure the Group's ability to continue as a going concern. The Group's base case going concern assessment is based upon management's best estimate of forward commodity price curves and uses production in line with approved asset plans and the ongoing capital requirements of the Group will be financed by existing loan and shareholder financing arrangements.

In line with the principal risks, sensitivity analyses have been prepared to reflect the combined impact of reductions in crude and UK natural gas prices of 20 per cent on unhedged production and in the Group's production of 10 per cent throughout the going concern period. In these combined downside scenarios applied to the base case forecast, the Group is forecast to have sufficient financial headroom throughout the going concern period. Further, reverse stress tests have been prepared reflecting further reductions in commodity price and production parameters, prior to any mitigation strategies, to determine what levels each would need to reach such that either lending covenants are breached or financial liquidity headroom runs out. The results of this reverse stress test demonstrated the likelihood of the fall in price and production parameters required to cause a risk of funds shortfall or covenant breaches is remote.

The Group has prepared forecast cash flows from the date of approval of the 2022 annual report through to 30 June 2024 using an average oil price assumption of \$73/bbl. The Base case has been sensitised under a plausible downside case ('Downside case'). Using these assumptions, under both the Base case and Downside case the Group has sufficient liquidity from existing funding, its available cash balance and cash flows generated from operations during the 12-month period from the date of the approval of the accounts. In December 2020, the Group secured a five-year \$25 million loan from a US bank to fund its US investments with the following amortisation schedule: 15% in 2023, 15% in 2024 and 70% in 2025. Also, the ultimate beneficial owner, has confirmed that the related parties, who have provided loans of \$51,316,000 (see note 25), which are repayable on demand, will not seek repayment of these amounts until at least 30 June 2024.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Any additional investments (as approved by the Board and the shareholder) will be funded by a combination of the Group's excess cashflow, third-party debt and the shareholder capital. The Group's related party obligations and any potential cash flow shortfall will be supported by the shareholder. As such, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future.

Taking the above into account the Board was satisfied that for the going concern period, the Group was able to maintain adequate liquidity and no covenant breaches occurred and therefore has adopted a going concern basis for preparing the financial statements.

Adoption of new and revised standards

The Group adopted new and revised accounting standards and interpretations relevant to its business and effective for accounting periods beginning on or after 1 January 2022, including:

Amendments to IFRS 3 – Reference to the Conceptual Framework

The IASB issued amendments to IFRS 3 to update the reference to the 2018 Conceptual Framework. The amendments add an exception to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21 and clarify existing guidance for contingent assets. The requirements are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

IFRS 9 Financial Instruments – Fees in the 10 per cent test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group has applied the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The adoption of the amended standards did not result in any material impact on the financial statements of the Group.

Accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 – Presentation of Financial Statements – classification of liabilities as current or non-current

On 23 January 2020, the IASB issued a narrow-scope amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The Group does not consider this amendment to have significant impact on the classification of its liabilities as either current or non-current when the standard becomes effective on 1 January 2023.

Amendments to IAS 8 – Definition of Accounting Estimates

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies, with the distinction

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

In February 2021, the International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures when the standard becomes effective on 1 January 2023.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On 7 May 2021, the IASB issued amendments to IAS 12 Income Taxes. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 12 – International Tax Reform—Pillar Two Model Rules

On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes. The Amendments introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The mandatory temporary exception, the use of which is required to be disclosed, applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023. The Group has applied the mandatory temporary exception for this period.

Basis of consolidation

These financial statements comprise a consolidation of the accounts of the Company and its subsidiary undertakings and incorporates the results of its joint ventures using the equity method of accounting.

Subsidiaries

Subsidiaries are all entities (including restructured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost and adjusted thereafter to recognise the Group's share of post- acquisition profits or losses and movements in other comprehensive income.

Financial statements of joint ventures are prepared for the same reporting period as the Company. Where necessary, adjustments are made to those financial statements to bring the accounting policies used in line with those of the Group.

The Group holds a 20% interest in Umid, Babek Exploration and Production ("UBEP") company registered in the Cayman Islands. UBEP is the sole contractor under the Risk Service Agreement and the related contract on conduct of petroleum operations in the offshore block including the Umid-Babek field in the Azerbaijan sector of the Caspian Sea (the "RSA"). The RSA was ratified by the parliament of the Republic of Azerbaijan in May 2017. The Group has joint control over UBEP together with SOCAR as the owner of the remaining 80% shares in UBEP pursuant to contractual arrangements, including a shareholders agreement with a broad list of reserved matters requiring unanimity.

Joint operations

A joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation, based on its direct rights and obligations.

The Group therefore recognises and consolidates its share of all assets and liabilities on a line by line basis within the statement of financial position and its share of the revenue and expenditure on a line by line basis, within the Group's consolidated statement of profit or loss and other comprehensive income.

The Group holds a 7.59% joint operations interest in the Maclure oil and gas field and a 8.2% joint operations interest in the Ballindalloch oil and gas field in the North Sea. The Group also holds interests between 71.25% and 84.36% in the Mapache and Thunder Valley acreage positions and wells in West Texas. These are all separate joint arrangements which are not incorporated entities.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured at cost as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Any negative goodwill (bargain purchase) is recognised immediately in the statement of profit or loss and other comprehensive income as an excess of fair value over cost. Deferred tax is recognised in a business combination but in an asset acquisition no deferred tax will arise in relation to acquired assets and assumed liabilities as the initial recognition exception for deferred tax under IAS12 applies.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The business cash flow internal model, which is approved on an annual basis by senior management, is the primary source of information for the determination of value in use. It contains forecasts for oil and gas production, sales volumes for various types of products, revenues, costs and capital expenditure. As an initial step in the preparation of this model, various assumptions are set by senior management. These assumptions take account

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

of commodity prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax rate.

Foreign currency translation

Functional and presentational currency

The consolidated financial statements are presented in US dollars (\$) which is the currency of the primary economic environment in which the Group operates (the "functional currency") and the presentational currency of the Group. All group companies' financial statements are presented in US dollars. The exchange rates used are:

	2022 average rate	2022 closing rate	2021 average rate	2021 closing rate
Azerbaijani Manat	1.700	1.700	1.699	1.699
UK Pound Sterling	0.814	0.826	0.728	0.739

Transactions and balances

Transactions in foreign currencies are initially converted to US dollars at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange prevailing at the reporting date. All differences on exchange are taken to the consolidated statement of profit or loss and other comprehensive income.

The assets and liabilities of foreign operations are translated to US dollars at foreign exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated into US dollars at rates approximating the foreign exchange rates ruling at the date of transactions.

Group retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Revenue recognition

Crude oil, natural gas and natural gas liquids

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good to a customer. A good is transferred when the customer obtains control of that good. The transfer of control of oil, natural gas and natural gas liquids by the Group usually coincides with title passing to the customer and the customer taking physical possession. The Group satisfies its performance obligations at a point in time and has no performance obligations that are satisfied over time. Depending on the Group's joint operation arrangements, revenue is recognised either according to the actual liftings or the actual production. Where liftings do not match working interest or entitlement interest, an adjustment is made to cost of sales representing the amount due to/from joint venture partners representing over / underlift movements.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources, assessing performance of the operating segments, and making strategic decisions. The operating segments align with the geographical segments in note 5.

Cost of sales

Cost of sales comprises of royalties, direct production taxes, operating expenses and depletion and depreciation of oil and gas assets. Royalties are charged as production costs to the income statement in the year in which the related production is recognised as income.

Inventories

Inventories, except for petroleum products, are valued at the lower of cost and net realisable value. Petroleum products and under lifts and over lifts of crude oil are measured at net realisable value and included in inventories and other debtors or creditors respectively.

Fixtures, fittings and computer equipment

All fixtures, fittings and computer equipment are recognised at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost to residual values over estimated useful lives, as follows:

Fixtures, fittings and computer equipment – 3 to 5 years

The assets residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Oil and gas exploration assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting.

Licence and property acquisition costs

Costs of acquiring unproved and proved oil and gas leasehold acreage, including lease bonuses, brokers' fees and other related costs, are capitalised. These costs are amortised using the unit of production method.

Exploration and evaluation costs

Annual lease rentals and exploration expenses, including geological and geophysical expenses and exploratory dry hole costs, are charged against income as incurred.

The costs of exploratory wells that find oil and gas reserves are capitalised pending determination of whether proved reserves have been found. In an area requiring a major capital expenditure before production can begin, an exploration well is carried as an asset if sufficient reserves are discovered to justify its completion as a production well, and sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. If either of those criteria are not met, or there is substantial doubt about the economic or operational viability of the project, the capitalised well costs are impaired.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

When proved, reserves of oil and natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment.

Drilling, well equipment and development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within property plant and equipment.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for oil and gas production equipment, properties and wells is calculated on the unit of production method over proved and probable developed oil and gas reserves.

Impairment - exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment.

An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

Impairment - oil and gas properties and intangible assets

Oil and gas properties and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from cash generating units.

At each reporting date the Group assesses whether there is any indication that a previously recognised impairment loss no longer exists or has decreased. If there is any such indication, the Group estimates the recoverable amount. This applies both to individual assets other than goodwill and to cash-generating units.

Borrowing costs

Borrowing costs directly relating to the construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time as the asset is substantially ready for its intended use, i.e. when it is capable of commercial production. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group's financial assets comprise trade and other receivables, cash and cash equivalents and a derivative financial asset. Management determines the classification of its financial assets at initial recognition.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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.

The Group's financial assets at amortised cost includes trade receivables, a loan to a third party and a loan to key management.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group currently has no debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group currently has no equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes the Group's derivative financial asset.

Impairment

IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Group's financial assets and loan commitments. No changes to the impairment provisions were made on transition to IFRS 9.

Trade receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition. For trade receivables the Group has used the simplified approach as allowed under IFRS 9 therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date

Financial liabilities

The Group has two classifications of financial liabilities in the statement of financial position: trade and other payables; and derivative financial liabilities.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not

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Notes to the financial statements for the year ended 31 December 2022 (continued)

designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs.

Other payables are included in current liabilities, except where maturity is expected to be after one year from the period end. These are classified as non-current liabilities.

Hedge accounting

The Group uses derivative financial instruments (derivatives) to manage its exposure to changes in oil price fluctuations. At the year ended 31 December 2022, the Group did not have any open hedging arrangements in place (31 December 2021: Nil).

In 2021, the Group entered into a zero-cost collar arrangement from 1 April 2021 to 31 December 2021 with West Texas crude oil being the commodity traded. This arrangement was a combination of purchased put options and written call options and gave the Group the option to sell 1,000 bbls/day at \$40/ bbl whilst giving the counterparty the option to buy the same volume at \$69/bbl. The premium paid for the purchased options was offset by the premium received under the written options resulting in the net collar agreement having a nil premium. As oil prices consistently exceeded \$69/bbl during the period, the counterparty exercised their options to buy the volumes from the Group resulting in a cost to the Group of \$1,005,000 during the year ended 31 December 2021. No similar arrangement was entered into during the year ended 31 December 2022.

In 2022, the Group entered into a hedging arrangement on WTI Midland-Cushing spread (difference between the oil prices in Midland, Texas and WTI at Cushing, Oklahoma) from 1 April 2022 to 31 December 2022 (2021: from 1 April 2021 to 31 December 2021). The Group hedged 540,000 bbls (2021: 165,000 bbls) during that period with an execution price range of \$1.00/ bbl (2021: \$0.88/ bbl) and a settlement range price of \$0.83/ bbl to \$1.95/ bbl throughout the period (2021: range from \$0.90/ bbl to \$1.095/ bbl). The net settlement as a result of this hedge during the year was at a cost to the Group of \$249,000 (2021: \$17,000). Derivatives are carried at fair value. Apart from those derivatives designated as qualifying cash flow hedging instruments, all changes in fair value are recorded as financial income or expense in the year in which they arise.

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For the purposes of hedge accounting, hedging relationships may be of three types: fair value hedges are hedges of particular risks that may change the fair value of a recognised asset or liability; cash flow hedges are hedges of particular risks that may change the amount or timing of future cash flows; and hedges of net investment in a foreign entity are hedges of particular risks that may change the carrying value of the net assets of a foreign entity. Currently the Group only has cash flow hedge relationships.

To qualify for hedge accounting the hedging relationship must meet several strict conditions on documentation, probability of occurrence, hedge effectiveness and reliability of measurement. If these conditions are not met, then the relationship does not qualify for hedge accounting. In this case the hedging instrument and the hedged item are reported independently as if there were no hedging relationship. In particular, any derivatives are reported at fair value, with changes in fair value included in financial income or expense.

For qualifying cash flow hedges, the hedging instrument is recorded at fair value. The portion of any change in fair value that is an effective hedge is included in equity, and any remaining ineffective portion is reported in financial income. If the hedging relationship is the hedge of a firm commitment or highly probable forecasted transaction, the cumulative changes of fair value of the hedging instrument that have been recorded in equity are included in the initial carrying value of the asset or liability at the time it is recognised. For all other qualifying cash flow hedges, the cumulative changes of fair value of the hedging instrument that have been recorded in equity are included in financial income as and when the forecasted transaction affects net income.

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with unrealised gains or losses reported in the income statement. Embedded derivatives which are closely related to host contracts, including in particular any price caps and floors within the Group's oil sales contracts, are not separated and are not carried at fair value.

Financial guarantees

The Company issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if subsidiaries fail to make payments when due in accordance with the original or modified terms of a debt instrument such as a loan. The liability for a financial guarantee contract is initially measured at fair value and subsequently measured at the higher of the contract's estimated expected credit loss and the amount initially recognized less, where appropriate, cumulative amortisation.

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's key management determines the policies and procedures for recurring fair value measurement such as unquoted financial assets.

Valuations are primarily undertaken internally by management who also decide which valuation techniques and inputs to use for each case. At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

External industry experts are involved for valuation of significant assets such as unquoted investments and unquoted financial assets as well as significant liabilities such as decommissioning provisions. Involvement of external experts is determined on an ongoing basis as the need arises. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Key management decides, after discussions with the Group's external experts, which valuation techniques and inputs to use for each case.

On an annual basis, key management present the valuation results to the Board of Directors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 14.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents comprise funds held in term deposit accounts with an original maturity not exceeding three months.

Decommissioning

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognised as cost of goods sold.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

Taxation

The tax charge for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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 liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share capital

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

Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, with limited exceptions, under a single on-balance sheet model. Under IFRS 16, at the commencement date of a lease, a lessee is required to recognise a liability to make lease payments ('lease liability') and an asset representing the right to use the underlying asset during the lease term ('right-of-use asset'). Lease liabilities are measured at the present value of future lease payments over the reasonably certain lease term. Variable lease payments that do not depend on an index or a rate are not included in the lease liability. Such payments are expensed as incurred throughout the lease term.

The Group has applied the short-term lease practical expedient by not recognising lease liabilities in respect of lease arrangements with a remaining lease term of less than 12 months. As of 31 December 2022 and 31 December 2021, there were no lease commitments with a remaining lease term of more than 12 months and thus the Group applied the short-term lease practical expedient.

3. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Deferred tax asset

Deferred tax assets, including the impact of the Energy Profits Levy are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. For more information see note 9.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Joint control and joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent.

The Group has determined that the relevant activities for its joint arrangements are those relating to the boards involvement in the decision making of its main operating and financing activities, such as obtaining funding, investment decisions and strategic directions.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers the structure of the joint arrangement and whether it is structured through a separate vehicle. When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:

- the legal form of the separate vehicle;
- the terms of the contractual arrangement; and
- other facts and circumstances, considered on a case by case basis.

This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment.

Reserves and resources estimates

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves. Future development costs are estimated using assumptions as to: the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The Group estimates and reports hydrocarbon reserves in line with the principles contained in the Society of Petroleum Engineers, Petroleum Resources Management Reporting System (PRMS) framework. As the economic assumptions used may change, and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- the carrying value of exploration and evaluation assets; oil and gas properties; property, plant and equipment may be affected due to changes in estimated future cash flows;
- depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the Units of Production (UOP) method, or where the useful life of the related assets change;
- provisions for decommissioning may require revision where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities; and
- the recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

Units of production (UOP) depreciation of oil and gas assets

Oil and gas properties are depreciated using the UOP method over proved and probable developed oil and gas reserves. This results in a depreciation/ amortisation charge proportional to the depletion of the anticipated remaining production from the field. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation / amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved and probable reserves, or future capital expenditure estimates change. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including the effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including; changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation.

Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at the reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Recoverability of oil and gas assets & goodwill

The Group assesses each asset or cash generating unit (CGU) each reporting period to determine whether any indication of impairment exists. Where an indication of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU). The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (hydrocarbon reserves and resource estimates above) and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Exploration expenditure

If hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as an asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons.

All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery, which is subject to estimation uncertainties. When this is no longer the case, the costs are written off.

Subsoil use rights acquisition costs are initially capitalised in exploration and evaluation assets. Subsoil use rights acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the subsoil use rights have been relinquished or have expired, the carrying value of the subsoil use rights acquisition costs is written off through profit or loss.

Identification of a cash generating unit (CGU)

The cash generating unit (CGU) applied for impairment test purposes is generally the block or a field, except that a number of block interests may be grouped as a single cash generating unit where the cash flows of each block are interdependent.

Fair valuation of the derivative financial asset

Management judgement is required in valuing the Group's derivative financial asset. The asset is described in further detail in note 14 and refers to an option to sell an investment that the Group holds. To value the option, the underlying investment also had to be fair valued.

As the underlying investment is unquoted, management had to use their judgements to determine its fair value by making reasonable assumptions on the discount factor to use, the gas prices to be used in generating a discounted cash flow, as well as other key strategic assumptions concerning the future financial and ownership structure of the underlying investment.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Management also had to make judgements to arrive at the fair value of the option including the risk-free interest rate to use, the volatility and the term of the option given that it has no expiration date. The valuation that is based on level 3 inputs per the IFRS 13 hierarchy as opposed to observable market inputs..

4. Financial risk management

a. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), liquidity risk and credit risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. The policies are set by the Board and implemented by Group's management.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily the UK Pound Sterling and Azerbaijani Manat ("AZN").

The Group does not use forward exchange to hedge exposure risk in respect of asset and liability balances, however the balances are not significant and therefore the directors do not believe there to be a significant exposure to foreign exchange risk. The majority of borrowings at year-end were denominated in US dollars to match the currency of the Group's assets.

The sterling dollar exchange rate remained volatile during the course of 2022. The Group had capital and operating cost exposure in sterling from its North Sea operations and from its administrative and overhead expenses in the UK. The Group is carefully reviewing the impact this will have on the Group's performance in the future and the policies it should implement to manage any associated risks.

For details of assets held in currencies other than US dollar see note 15.

Commodity price risk

A material decline in oil and gas prices adversely affects the Group's financial performance and value of the existing assets.

The oil prices recovered from the 2014/15 slump and remained robust until the latest crash in H1 2020 precipitated by the COVID-19 pandemic and exacerbated by the Saudi-Russia price war. 2021 saw a resurgence in oil demand as economies reopened. Global supply struggled to respond with OPEC+ maintaining its quotas and US producers demonstrating capital discipline. This drove oil prices higher over the course of 2021. 2022 witnessed an increased volatility in commodity markets with Brent and WTI surpassing \$100/bbl for the first time since 2014 as a result of the conflict in Ukraine, with WTI and Brent both surpassing \$120/bbl in March 2022. Gas prices surged to historic highs in the wake of Russia's war in Ukraine.

The potential impact and likelihood of the oil price risk remain as high as ever due to volatility in the oil markets and susceptibility of the global economic growth to the conflict in Ukraine, emerging protectionism, trade wars and shifts in public perception of and policy towards the impact of the oil industry on the climate change. This risk can be mitigated by a number of measures including hedging production, renegotiating supplier contracts and reducing costs and commitments.

The Group monitors oil price sensitivity relative to its capital commitments and seeks assets that continue to cover cash costs in a low oil price environment. In addition, the Group regularly reviews and implements suitable policies to hedge against the possible negative funding impacts of changes in oil prices.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due at acceptable cost. The Group has sufficient cash resources and expected cash flow from operations to meet its financial obligations. The Group's related party debt as detailed in note 25 is supported by the shareholder who also controls those related parties.

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Cash flow forecasting is performed at the Group level. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure the parent and all the Group companies have sufficient cash to meet operational needs.

The table below analyses the Group's non-derivative financial liabilities in the relevant maturity groupings based on the remaining period at the balance sheet date.

	Less than 6 months \$'000	More than 6 months, less than 1 year \$'000	More than 1 year, less than 5 years \$'000
At 31 December 2022			
Trade payables	8,765	-	-
Amounts owed to related parties	-	51,316	-
Corporate income tax	-	1,342	-
Social security and other taxes	512	-	-
Accrued expenses and other liabilities	487	-	-
Bank loans	-	3,715	21,795
	9,764	56,373	21,795
At 31 December 2021			
Trade payables	8,361	-	-
Amounts owed to related parties	-	54,316	-
Social security and other taxes	66	-	-
Accrued expenses and other liabilities	246	-	-
Bank loans	-	6	25,309
	8,673	54,322	25,309

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of services and goods on credit terms and other transactions with counterparties giving rise to financial assets. The Group's main credit exposure is to its operating partners in the UK and the US. Given material investments in both regions trade receivables are most of the time more than offset by trade payables. The Group closely monitors its credit exposure on an ongoing basis.

b. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the parent undertaking and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as "equity" as shown in the consolidated statement of financial position, plus net longer term borrowings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, capital returned to the parent undertaking, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the year ended 31 December 2022. Capital consists of equity attributable to equity holders of the Company, which amounted to \$793,321,000 as at 31 December 2022 (2021: \$703,127,000).

5. Revenue by geographical area

The performance of the business is reviewed by the Board from a geographical perspective by reference to revenues generated by the three key geographical areas shown in the table below. The revenue, income / loss for the year, total assets and total liabilities are attributable to the principal activities of the Group as described in

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

the strategic report on page 2. The geographical analysis of the Group's revenue for the years ended 31 December 2022 and 2021 are as follows:

	Total segment revenue	Intra-group revenue	Revenue from external customers
	2022	2022	2022
	\$'000	\$'000	\$'000
United Kingdom	17,578	(1,727)	15,851
United States of America	85,854	(1,122)	84,732
Rest of the World	659	(659)	-
Total 2022	104,091	(3,508)	100,583
	2021	2021	2021
	\$'000	\$'000	\$'000
United Kingdom	7,687	(545)	7,142
United States of America	52,012	(2,238)	49,774
Rest of the World	429	(429)	-
Total 2021	60,128	(3,212)	56,916

Intra-group revenues reflect management service charges between entities within the Group.

6. Expenses by nature

	Note	Group 2022 \$'000	Group 2021 \$'000
Cost of sales			
Depletion and depreciation charge	10	16,838	10,865
Royalty expenses		18,662	11,333
Production taxes		4,076	1,887
Operating costs		8,254	5,046
Stock movements		(221)	(145)
Loss on cash flow hedges on commodity swaps	14	249	1,023
		47,858	30,009
Administrative expenses			
Depreciation charge	10	16	16
Amortisation charge	11	1,342	1,360
Accretion on decommissioning provisions	23	76	67
Legal and professional fees		935	905
Director and employee costs	8	2,652	2,117
Communication expense		33	34
Travelling costs		237	49
Auditor remuneration	7	127	134
Operating lease payments	10	266	275
Insurance		219	270
Other expenses		189	347
		6,092	5,574
Total cost of sales and administrative expenses		53,950	35,583

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7. Auditor's remuneration

	2022 \$'000	2021 \$'000
Fees payable to the Group auditor for the audit of the parent company and consolidated financial statements	127	134
	127	134

8. Director and employee costs

	Group 2022 \$'000	Group 2021 \$'000
Wages and salaries	2,323	1,799
Pension costs: Company contributions to a Defined contribution plan	53	68
Social security costs	276	250
	2,652	2,117

Under the Pensions Act 2008, every employer in the UK must put certain staff into a pension scheme and contribute towards it (known as 'automatic enrolment'). The Group has in place a defined contribution retirement benefit scheme for UK based employees where a contribution of 8% is paid on gross wages. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions. Payments to the defined contribution scheme are charged as an expense as they fall due.

The average monthly number of employees, including executive directors, during the year by activity was as follows:

	2022 No.	2021 No.
Administration	11	12
	11	12

The Company, Nobel Oil E&P (UK) Limited, as an individual entity has no employee benefit expenses.

	2022 \$'000	2021 \$'000
Group Directors Aggregate emoluments	942	675
	942	675

In the aggregate emoluments shown above, \$713,000 (2021: \$441,000) relates to the highest paid director.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9. Taxation

	2022 \$'000	2021 \$'000
Current tax	(1,342)	-
Deferred tax	(13,075)	(1,280)
Total tax charge in the consolidated statement of profit and loss	(14,417)	(1,280)
Tax relating to components of other comprehensive income	-	-
Total tax charge in the consolidated statement of profit and loss and other comprehensive income	(14,417)	(1,280)

Tax on the Group's loss before tax differs from the theoretical amount that would arise using the standard tax rate applicable in the UK to profits of the consolidated entities as follows:

	2022 \$'000	2021 \$'000
Profit before income tax	104,286	127,750
Expected tax charge on profit or loss at standard UK rate of 19.00% (2021: 19.00%)	(19,814)	(24,273)
Tax effects of:		
<i>Income/(expenses) not taxable / (deductible)</i>		
for tax purposes	11,028	20,321
Adjustments in respect of prior years	403	-
Impact of different tax rates	(3,417)	(489)
Utilisation of previously unrecognised deferred tax asset	-	1,357
Recognition of deferred tax assets	73	1,525
Deferred tax impact of Energy Profits Levy	(2,933)	-
Investment allowance	131	-
Ring Fence Expenditure Supplement	219	468
Other	(107)	(189)
Income tax charge	(14,417)	(1,280)

Factors affecting current and future tax charges

The effective tax rate for the year was 14 per cent, compared to 1 per cent for 2021.

The tax expense reconciliation has been prepared based on the statutory rate of taxation applying to UK standard rate of corporation tax of 19%.

The standard rate of corporation tax in the UK is 19% for the year ended 31 December 2022 (2021: 19 %). The rate of corporation tax, paid on company profits, is set to rise to 25% from 19%, starting in April 2023. A new small profits rate would maintain the 19% rate for firms with profits of £50,000 or less, and there will be a taper above £50,000, so that only businesses with profits of £250,000 or greater will be taxed at the full 25% rate.

UK oil and gas production is taxed at a rate of 30 percent (2021: 30 per cent), a supplementary charge of 10 per cent (2021: 10 per cent), and with effect from 26 May 2022, the Energy Profits Levy ("EPL") of 25 per cent to give an overall tax rate of 65 per cent (2021: 40 per cent). The EPL was introduced part way through the financial year on 26 May 2022. The future effective tax rate is impacted by the mix of jurisdictions in which the Group operates. The UK statutory tax rate for oil and gas production operations is expected to remain a primary

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

influence on the effective tax rate. The EPL will increase to a rate of 35 per cent from 25 per cent with effect from 1 January 2023 and consequently the headline rate will increase next year to 75 per cent. The Energy Profits Levy at the 35 per cent rate will be in place until 31 March 2028.

For UK Non Ring Fence deferred tax balances were measured as at 31 December 2022 based on the 25% (2021: 25%) corporation tax rate enacted at that time.

The UK Ring Fence corporation tax rate is 30% and the supplementary charge rate is 10%. 2022 saw the introduction of the UK Energy Profits Levy ("EPL"), which was subsequently increased and extended, taking the UK North Sea headline tax rate to 75 per cent until March 2028. UK Ring Fence deferred tax has been calculated at a rate of 40% and at 35% for the EPL element.

US deferred tax has been recognised at the prevailing tax rate of 21% (2021:21%).

Deferred Income Tax

In 2021, deferred tax assets have not been recognised in respect of losses carried forward of \$383,000. In 2021, given uncertainty about the availability of suitable taxable income to offset some of the losses and fixed asset timing differences, and therefore the recoverability of the asset in the foreseeable future, \$73,000 of deferred tax assets have not been recognised. In 2022, all deferred tax assets were recognised in respect of losses carried forward.

In respect of the Group's upstream companies, during the year a deferred tax liability of \$2,002,000 (2021: deferred tax asset of \$2,258,000) was recognised in relation to UK North Sea activity and a deferred tax liability of \$9,408,000 (2021: \$839,000) was recognised in relation to North America activity. A deferred tax asset of \$325,000 (2021: \$571,000) was recognised in the Group's other companies during the year.

	Unused tax losses \$'000	Fixed asset temporary differences \$'000	ARO \$'000	Total \$'000
<i>As at 31 December 2021</i>				
Deferred tax assets	5,170	(4,417)	2,075	2,828
Deferred tax (liabilities)	13,910	(14,753)	5	(838)
Net deferred tax asset / (liability)	19,080	(19,170)	2,080	1,990
<i>Recognised in the year</i>				
Recognised in the income statement - credit/(charge)	(3,053)	(10,052)	30	(13,075)
<i>As at 31 December 2022</i>				
Deferred tax assets	328	(3)	-	325
Deferred tax (liabilities)	15,699	(29,219)	2,110	(11,410)
Net deferred tax asset / (liability)	16,027	(29,222)	2,110	(11,085)

Deferred tax assets and deferred tax liabilities have been disclosed separately in the statement of financial position on the basis that the group does not have the legally enforceable right to settle the current tax amounts on a net basis.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10. Property, plant and equipment

Group	Drilling and well equipment \$'000	Decommissioning assets \$'000	Other assets * \$'000	Total \$'000
Cost				
As at 1 January 2021	95,557	5,043	240	100,840
Reclassification from intangible assets	1,651	-	-	1,651
Additions	27,808	100	2	27,910
As at 31 December 2021	125,016	5,143	242	130,401
Accumulated depreciation				
As at 1 January 2021	(33,699)	(3,257)	(191)	(37,147)
Depreciation charge (note 6)	(10,512)	(353)	(16)	(10,881)
As at 31 December 2021	(44,211)	(3,610)	(207)	(48,028)
Net book value				
Cost	125,016	5,143	242	130,401
Accumulated depreciation	(44,211)	(3,610)	(207)	(48,028)
As at 31 December 2021	80,805	1,533	35	82,373
Cost				
As at 1 January 2022	125,016	5,143	242	130,401
Reclassification from intangible assets	5,050	-	-	5,050
Additions	50,026	100	17	50,143
Disposals	-	-	(50)	(50)
As at 31 December 2022	180,092	5,243	209	185,544
Accumulated depreciation				
As at 1 January 2022	(44,211)	(3,610)	(207)	(48,028)
Depreciation charge (note 6)	(16,340)	(498)	(16)	(16,854)
Disposals	-	-	48	48
As at 31 December 2022	(60,551)	(4,108)	(175)	(64,834)
Net book value				
Cost	180,092	5,243	209	185,544
Accumulated depreciation	(60,551)	(4,108)	(175)	(64,834)
As at 31 December 2022	119,541	1,135	34	120,710

* Other assets comprise fixtures, fittings; computer equipment; and the right to use asset.

Cash outflow for the purchases of drilling and well equipment was \$47,294,000 (2021: \$24,229,000) and for office equipment was \$17,000 (2021: 2,000). Included within drilling and well equipment additions are \$1,629,000 (2021: \$1,011,000) of borrowing costs capitalised relating to the US bank loan (see note 18).

Depreciation of \$16,000 (2021: \$16,000) has been charged in 'administrative expenses' and \$16,838,000 (2021: \$10,865,000) has been charged in 'cost of sales' (see note 6) in the consolidated statement of profit or loss and other comprehensive income.

Proceeds from disposal and sale of fixtures and fittings was nil (2021: Nil).

Property lease rentals amounting to \$266,000 (2021: \$275,000), relating to the lease of property are included in 'administrative expenses' in the consolidated statement of profit or loss and other comprehensive income.

The Company, Nobel Oil E&P (UK) Limited, as an individual entity has no property, plant and equipment.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11. Intangible assets

	Exploration and evaluation \$'000	Total \$'000
Group		
Cost		
As at 1 January 2021	15,148	15,148
Reclassification to drilling and well equipment assets	(1,651)	(1,651)
Additions	4,798	4,798
As at 31 December 2021	18,295	18,295
Accumulated amortisation		
As at 1 January 2021	(4,542)	(4,542)
Amortisation charge (note 6)	(1,360)	(1,360)
As at 31 December 2021	(5,902)	(5,902)
Net book value		
Cost	18,295	18,295
Accumulated amortisation	(5,902)	(5,902)
As at 31 December 2021	12,393	12,393
Cost		
As at 1 January 2022	18,295	18,295
Reclassification to drilling and well equipment assets	(5,050)	(5,050)
Additions	3,527	3,527
As at 31 December 2022	16,772	16,772
Accumulated amortisation		
As at 1 January 2021	(5,902)	(5,902)
Amortisation charge (note 6)	(1,342)	(1,342)
As at 31 December 2022	(7,244)	(7,244)
Net book value		
Cost	16,772	16,772
Accumulated amortisation	(7,244)	(7,244)
As at 31 December 2022	9,528	9,528

The recoverability of the carrying amount of the exploration and evaluation in assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Cash outflow for the acquisitions of exploration and evaluation assets was \$3,651,000 (2021: \$4,695,000). Amortisation of \$1,342,000 (2021: \$1,360,000) has been charged in 'administrative expenses' in the statement of profit or loss and other comprehensive income.

The Company, Nobel Oil E&P (UK) Limited, as an individual entity has no intangible assets.

12. Investments

a. Investment in joint venture

The Group holds a 20% interest in Umid, Babek Exploration and Production ("UBEP") company registered in the Cayman Islands. UBEP is the sole contractor under the Risk Service Agreement and the related contract on conduct of petroleum operations in the offshore block including the Umid-Babek field in the Azerbaijan sector of the Caspian Sea (the "RSA"). The RSA was ratified by the parliament of the Republic of Azerbaijan in May 2017.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

The Group has joint control over UBEP together with SOCAR as the owner of the remaining 80% shares in UBEP pursuant to contractual arrangements, including a shareholders agreement with a broad list of reserved matters requiring unanimity.

Group cost and net book value	2022 \$'000	2021 \$'000
At 1 January	114,838	114,838
At 31 December	114,838	114,838

Name of entity	Place of business / country of incorporation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the Group (%)	Nature of relationship
UMID, BABEK EXPLORATION AND PRODUCTION ("UBEP")	Cayman Islands	20	20	*

* UBEP operates in the oil and gas industry in Azerbaijan.

UBEP is a private company and there is no quoted market price available for its shares. The Group's share of results in UBEP was Nil (2021: Nil).

b. Principal subsidiaries

The Group had the following principal subsidiaries at 31 December 2022:

	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the group (%)
Nobel Oil E&P Management (UK) Limited	UK	Service company	100	100
Nobel Upstream Management PLC	UK	Service company	-	100
Nobel Oil E&P North America (UK) Limited	UK	Holding company	100	100
Nobel Oil E&P North America LLC	United States of America	**	-	100
Nobel Oil E&P Caspian Ltd	UK	*	100	100
Nobel Oil E&P North Sea Ltd	UK	**	100	100

* Investing in joint ventures in the oil and gas industry

** Investing in joint operations in the oil and gas industry

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

c. Investment in subsidiaries

Company	2022 \$'000	2021 \$'000
Shares in group undertakings		
As at 1 January	124,011	119,012
Additions in the year	-	-
Impairment of investment	-	-
Reversal of impairment of investment	3,756	4,999
At 31 December	127,767	124,011

Nobel Oil E&P (UK) Limited owns 100% of the shares issued by Nobel Oil E&P North America (UK) Limited. There was no change in share capital in 2022 (2021: no change).

Nobel Oil E&P (UK) Limited owns 100% of the shares issued by Nobel Oil E&P Management (UK) Limited. There was no change in share capital in 2022 (2021: no change).

Nobel Oil E&P (UK) Limited owns 100% of the shares issued by Nobel Oil E&P North Sea Limited. There was no change in share capital in 2022 (2021: no change).

Nobel Oil E&P (UK) Limited owns 100% of the shares issued by Nobel Oil E&P Caspian Limited. There was no change in share capital in 2022 (2021: no change).

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

In 2022 there was an impairment reversal of \$2,532,000 (2021: \$2,778,000) in the investment in Nobel Oil E&P North Sea Limited to reflect the difference between the carrying amount of the investment and the carrying amount of the investee's net assets.

In 2022, there was an impairment reversal of \$1,224,000 (2021: \$2,221,000) to reflect the net income made by Nobel Oil E&P Management (UK) Limited in the year.

Parent guarantee

Nobel Oil E&P Management (UK) Limited (company registered number 08891699), Nobel Oil E&P North Sea Limited (company registered number 09856429), Nobel Oil E&P North America (UK) Limited (company registered number 08869991), Nobel Oil E&P Caspian Limited (company registered number 10253147) and Nobel Upstream Management PLC (company registered number 12029317) are exempt under s479A from the requirements of the Companies Act 2006 relating to the audit of individual accounts. Nobel Oil E&P (UK) Limited, as a parent undertaking, has given a guarantee under s479C with the effect that:

- it guarantees all outstanding liabilities to which Nobel Oil E&P Management (UK) Limited, Nobel Oil E&P North Sea Limited, Nobel Oil E&P North America (UK) Limited, Nobel Oil E&P Caspian Limited and Nobel Upstream Management PLC are subject at 31 December 2022, until they are satisfied in full; and
- the guarantee is enforceable against Nobel Oil E&P (UK) Limited by any person to whom the subsidiary is liable in respect of those liabilities.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

13. Business combinations

Goodwill arising on acquisition

	Group 2022 \$'000	Group 2021 \$'000
At 1 January	5,146	5,146
At 31 December	<u>5,146</u>	<u>5,146</u>

The goodwill of \$5,146,000 was recognised in Nobel Oil E&P North Sea Limited books in connection with a deferred tax liability disclosed in note 9 in respect of an acquisition of a non-operated interest in the Maclure oil and gas field from Shell completed in 2016. There were no acquisitions in 2022 and 2021.

The Group performed its annual impairment test in December 2022 and 2021. As at 31 December 2022 and 2021, the recoverable value of the Maclure cash generating unit ("CGU") exceeded the carrying value, indicating no impairment of goodwill is required.

The recoverable amount of the Maclure CGU has been determined based on a discounted cash flow calculation. The business cash flow internal model, which is approved on an annual basis by senior management, is the primary source of information for the determination the net present value of cashflows. It contains forecasts for oil and gas production, sales volumes for various types of products, revenues, costs and capital expenditure. As an initial step in the preparation of this model, various assumptions are set by senior management. These assumptions take account of commodity prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability. In assessing net present value, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value. The oil price assumption used for determining the recoverable amount was \$74/bbl (2021: \$81/bbl).

The discount rate applied to cash flow projections is 10.0% (2021: 10.0%). It was concluded that the fair value less costs of disposal exceeded the carrying amount. As a result of this analysis, management has not recognised an impairment charge in the current or prior year against goodwill.

Key assumptions used in net present value calculations and sensitivity to changes in assumptions

The calculation of the recoverable value for the Maclure CGU is most sensitive to the following assumptions:

Crude oil prices

Estimates are obtained from published futures indices for Brent crude oil. A decrease in the price of crude oil by \$10/ bbl would not trigger an impairment.

Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its industry and is derived from its weighted average cost of capital, which takes into account both debt and equity.

A rise in the discount rate by a 2%-point would not trigger an impairment.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14. Financial instruments by category

The following table represents the carrying amounts of each category of financial assets and liabilities:

	Group 2022	Group 2021	Company 2022	Company 2021
Assets as per statement of financial position	\$'000	\$'000	\$'000	\$'000
Loans and receivables at amortised cost				
Trade and other receivables	85,969	79,965	-	-
Cash and cash equivalents	26,247	23,783	-	4
	112,216	103,748	-	4
Derivative financial instruments	533,600	476,100	-	-
Total	645,816	579,848	-	4
Liabilities as per statement of financial position				
Other financial liabilities at amortised cost	87,932	88,304	5,235	5,003
Other financial liabilities at fair value (note 19)	-	-	1,595	2,142
Total	87,932	88,304	6,830	7,145

Trade and other receivables

At 31 December 2022 and 2021, the fair values of trade and other receivables approximate to their carrying amount. At 31 December 2022, one receivable was part due, details of which are detailed below (2021: no amounts of loans and receivables were past due).

Included in trade and other receivables are \$75,000,000 (2021: \$75,000,000) due from SOCAR. The Group is contractually entitled to a payment from SOCAR due upon the Group issuing a notice (the "Payment"). The Group issued such notice on 24 January 2018. As at 31 December 2020, SOCAR had not made the Payment and there was an ongoing dialogue between the Group and SOCAR in respect of this overdue payment. In October 2021, a deed was signed by the Group, SOCAR and SOCAR Umid Oil and Gas Limited (SOCAR Umid) which sets out the terms and conditions on which the Payment is made to the Group. As a result, the Group recognised a receivable and a corresponding gain in the 2021 accounts. The Group expects to receive the Payment in the second half of 2023 which is beyond its due date of October 2022.

Derivative financial instrument – non-current asset

In 2017, the Group entered into a Share Swap Agreement ("SSA") with SOCAR to sell all of its shares in its wholly-owned subsidiary Nobel Oil Exploration and Production Ltd to SOCAR in exchange for 20% of the shares in Umid, Babek Exploration and Production ("UBEP") company, which is the sole contractor under the RSA. The RSA was ratified by the parliament of the Republic of Azerbaijan in May 2017.

Under the SSA, the Group has the right to sell its 20% interest in UBEP to SOCAR if Nobel Oil E&P Caspian Limited is not a party to the RSA by 3 April 2017 for an agreed fixed price plus interest accumulating since 3 April 2017 (the "Put Option").

The fair value of the Put Option is \$533.6 million as at 31 December 2022 (2021: \$476.1 million) and classed as a non-current asset as it is not expected to be exercised before 31 December 2023. The unrealised derivative gain of \$57.5 million (2021: \$31.4 million) was recognised and classified in "Gain on revaluation of the derivative financial asset" through the consolidated statement of profit and loss being the difference between the fair value of the Put Option from one year end to the other.

As there is no market value available to determine the fair value of the option, the value was based on estimates from Level 3 unobservable inputs as defined in the IFRS 13 hierarchy. This fair value of the Put Option was estimated using the Black & Scholes formula.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2022 and 2021 are shown below:

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Notes to the financial statements for the year ended 31 December 2022 (continued)

Time to expiration

As the option has no expiry date, and can be exercised at any date, management had to take a subjective view of the exercise date as an input to the formula. The time to expiration of 4 years (2021: 2 years) was used in the formula and increased by 2 years due to project delays caused by COVID-19 interruptions. If the assumed exercise date was delayed by 1 year, the Put Option fair value would increase by \$19.0 million (2021: \$28.7 million). If the assumed exercise date was brought forward by 1 year, the Put Option fair value would decrease by \$19.1 million (2021: \$26.5 million). There is an interrelation between the time to expiry and the strike price. The longer the time to expiry, the larger is the strike price given that the strike price has interest accumulating since 3 April 2017. This interrelation is factored into the aforementioned impacts on increases and decreases of the time to expiration.

Risk free rate

The risk-free interest rate used in the formula was 4.10% (2021: 1.90%). In 2022 it is based on an average of the yields on 3 and 5 year treasury bonds. If the risk-free interest rate used was increased by a 1%-point, the Put Option fair value would decrease by \$18.4 million (2021: \$30.3 million). If the risk-free interest rate used was decreased by a 1%-point, the Put Option fair value would increase by \$19.2 million (2021: \$8.9 million).

Volatility

The volatility used in the formula was 80% (2021: 80%). This was calculated based on a spread of volatilities for exploration and production companies, the majority of which are non-majors and have similar profiles to the Group. If the volatility used was increased by a 10%-point, the Put Option fair value would increase by \$10.3 million (2021: \$3.6 million). If the volatility used was decreased by a 10%-point, the Put Option fair value would decrease by \$6.3 million (2021: \$2.9 million decrease).

Spot price

The spot price used in the formula was the fair value of the underlying investment using the cost approach which represents its carrying value on the balance sheet. If the spot price used was increased by \$10 million, the Put Option fair value would decrease by \$4.5 million (2021: \$6.0 million). If the spot price used was decreased by \$10 million, the Put Option fair value would increase by \$4.7 million (2021: \$6.2 million).

Strike price

The strike price used in the formula was the contractual fixed price to be achieved on the exercise of the Put Option plus interest accumulating since 3 April 2017. The strike price used in the formula was \$664.6 million (2021: \$621.6 million). If the strike price used was increased by \$10 million, the Put Option fair value would increase by \$6.2 million (2021: \$7.1 million). If the strike price used was decreased by \$10 million, the Put Option fair value would decrease by \$6.2 million (2021: \$7.1 million).

Discount for lack of marketability ("DLOM")

A DLOM of 3.9% (2021: 3.3%) was applied to the full Put Option value and represents the amounts that the Group has determined that market participants would take into account when pricing the Put Option. This was calculated by applying a discount of 25% to the value accruing from the reporting date to the assumed option exercise date. If the discount using the Finnerly model was increased by a 5%-point, the Put Option fair value would decrease by \$4.5 million (2021: \$3.2 million). If the discount using the Finnerly model was decreased by a 5%-point, the Put Option fair value would increase by \$4.5 million (2021: \$3.2 million).

Derivative financial liability

The Group uses derivative financial instruments (derivatives) to manage its exposure to changes in oil price fluctuations. At the year ended 31 December 2021, the Group did not have any open hedging arrangements in place (31 December 2021: Nil).

The Group uses derivative financial instruments (derivatives) to manage its exposure to changes in oil price fluctuations. At the year ended 31 December 2022, the Group did not have any open hedging arrangements in place (31 December 2021: Nil).

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

In 2021, the Group entered into a zero-cost collar arrangement from 1 April 2021 to 31 December 2021 with West Texas crude oil being the commodity traded. This arrangement was a combination of purchased put options and written call options and gave the Group the option to sell 1,000 bbls/day at \$40/ bbl whilst giving the counterparty the option to buy the same volume at \$69/bbl. The premium paid for the purchased options was offset by the premium received under the written options resulting in the net collar agreement having a nil premium. As oil prices consistently exceeded \$69/bbl during the period, the counterparty exercised their options to buy the volumes from the Group resulting in a cost to the Group of \$1,005,000 during the year ended 31 December 2021. No similar arrangement was entered into during the year ended 31 December 2022.

In 2022, the Group entered into a hedging arrangement on WTI Midland-Cushing spread (difference between the oil prices in Midland, Texas and WTI at Cushing, Oklahoma) from 1 April 2022 to 31 December 2022 (2021: from 1 April 2021 to 31 December 2021). The Group hedged 540,000 bbls (2021: 165,000 bbls) during that period with an execution price range of \$1.00/ bbl (2021: \$0.88/ bbl) and a settlement range price of \$0.83/ bbl to \$1.95/ bbl throughout the period (2021: range from \$0.90/ bbl to \$1.095/ bbl). The net settlement as a result of this hedge during the year was at a cost to the Group of \$249,000 (2021: \$17,000).

15. Trade and other receivables

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Trade receivables	85,422	79,209	-	-
Amounts due from related parties (note 25)	-	-	269	-
Prepayments and accrued income	111	90	-	-
VAT recoverable	-	73	-	-
Other receivables	436	593	-	-
	85,969	79,965	269	-
Less non-current portion:				
Other receivables	(382)	(548)	-	-
	(382)	(548)	-	-
Current portion	85,587	79,417	269	-

Non-current receivables consist of the zero-interest loan to key management personnel of £500,000 (2021: £500,000). On an amortised cost basis that equates to a value of \$382,000 in 2022 (2021: \$548,000). The fair values of trade and other receivables are equivalent to the carrying amounts. The carrying amounts of receivables are denominated in the following currencies:

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
US Dollars	84,880	79,015	269	-
UK Pound Sterling	1,085	947	-	-
Azerbaijani Manat	4	3	-	-
	85,969	79,965	269	-

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Neither the Group nor the Company hold collateral as security.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16. Cash and cash equivalents

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Cash at bank and in hand	26,247	23,783	-	4

17. Trade and other payables

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Trade payables	8,765	8,361	-	-
Social security and other taxes	36	66	19	25
VAT payable	476	-	-	-
Corporate tax payable	1,342	-	-	-
Accrued expenses	487	246	-	-
	11,106	8,673	19	25
Current portion	11,106	8,673	19	25

18. Borrowings

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Bank loans	25,510	25,315	-	-
	25,510	25,315	-	-
Due within one year	3,715	6	-	-
Due after more than one year	21,795	25,309	-	-
	25,510	25,315	-	-

The bank loans of \$25,510,000 (2021: \$24,315,000) are carried at amortised cost and comprise:

- \$25,451,000 (2021: \$25,248,000) loan from a US bank; and
- \$59,000 (2021: \$67,000) loan from a UK bank denominated in UK Pound Sterling.

The proceeds of the US bank loan are to fund continual development expenditure in the Permian and to pay transaction costs. The loan matures on December 2025 with the following amortisation schedule: 15% on December 2023, 15% on December 2024 and 70% on December 2025.

The interest on the loan is calculated monthly at an annual rate of 3.00% plus LIBOR. During the first year, interest is accrued and added to the principal balance. Commencing January 2022, the Group will make monthly interest payments.

Commencing in 2021, the Group's subsidiary Nobel Oil E&P North America LLC should maintain a minimum 1.25 to 1.00 debt service coverage tested annually based on the operating results for the preceding twelve-month period, determined using (i) earnings before interest, taxes, depreciation and amortization divided by (ii) all required debt service payments for the applicable period.

The UK bank loan matures in October 2026. No repayments are due during the first 12 months followed by 60 equal monthly instalments. The loan is interest free for the first 12 months and then 2.5% per annum thereafter. There are no covenants attached to this loan.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

19. Financial guarantees

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Financial guarantees	-	-	(1,595)	(2,142)
	-	-	(1,595)	(2,142)
Due within one year	-	-	(547)	(547)
Due after more than one year	-	-	(1,048)	(1,595)
	-	-	(1,595)	(2,142)

The Company issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if subsidiaries fail to make payments when due in accordance with the original or modified terms of a debt instrument such as a loan. The liability for a financial guarantee contract is initially measured at fair value and subsequently measured at the higher of the contract's estimated expected credit loss and the amount initially recognized less, where appropriate, cumulative amortisation.

20. Ordinary shares

Group & Company	Number of shares (^{'000})	Share Capital \$'000	Share Premium \$'000
Balance at 1 January 2021	91,420	91,420	15,840
Share issue	-	-	-
Balance at 31 December 2021	91,420	91,420	15,840
Balance at 1 January 2022	91,420	91,420	15,840
Share issue	-	-	-
Balance at 31 December 2022	91,420	91,420	15,840

During 2022, paid-up share capital of the Company remained unchanged (2021: no change) at \$91,420,001 representing 91,420,001 (2021: 91,420,001) issued ordinary shares of \$1 nominal value each.

21. Merger reserve

	2022 \$'000	2021 \$'000
At 1 January	20,592	20,592
At 31 December	20,592	20,592

The balance on the reserve relates to the capital reorganisation that took place during 2014 which created a new holding company which is incorporated and domiciled in the UK.

In accordance with section 610 of the Companies Act 2006 the difference between the nominal value of equity instruments issued (100 ordinary shares of \$1) and the carrying amount of Nobel Oil Exploration & Production Ltd (\$20,592,000) has been credited to the merger reserve.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

22. Retained Earnings

	Group \$'000	Company \$'000
At 1 January 2021	448,805	(16,556)
Total comprehensive profit/ (loss) for the year	126,470	5,574
At 1 January 2022	575,275	(10,982)
Total comprehensive profit for the year	90,194	4,336
At 31 December 2022	665,469	(6,646)

23. Provisions for other liabilities and charges

Decommissioning provision	2022 \$'000	2021 \$'000
At 1 January	5,512	5,345
Additions	100	100
Accretion	76	67
At 31 December	5,688	5,512

At 31 December 2022, the provision for the costs of decommissioning the company's oil and natural gas production facilities and pipelines at the end of their economic lives was \$5,688,000 (2021: \$5,512,000). These costs are expected to be incurred over the next 20 years for West Texas costs and over 11 years for North Sea costs. The provision has been estimated using existing technology, at current prices and discounted using a risk free rate of 3.25% for West Texas costs and 1.32% for North Sea costs. An inflation rate of 2.0% has been used in the calculation of the decommissioning provision.

The Company, Nobel Oil E&P (UK) Limited, as an individual entity has no provisions for other liabilities and charges (2021: Nil).

24. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 \$'000	Group 2021 \$'000
Within one year	254	281
Within two to five years	265	-
	519	281

The Company, Nobel Oil E&P (UK) Limited, as an individual entity has no operating lease commitments.

Nobel Oil E&P (UK) Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

25. Related party transactions

The following transactions were undertaken with related parties:

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Loan to key management of the Company:				
At 1 January ³	548	580	-	-
Exchange difference ³	(166)	(32)	-	-
At 31 December	382	548	-	-
Net Loans (to)/ from related parties:				
At 1 January ^{1,2}	(54,316)	(57,316)	(4,978)	(5,010)
Loans advanced during the year ^{1,2}	-	-	(354)	(13)
Loan repayments ^{1,2}	3,000	3,000	385	45
At 31 December^{1,2}	(51,316)	(54,316)	(4,947)	(4,978)

Details of directors remuneration are set out in note 8.

1) At 31 December 2022, amounts payable to other related parties of \$51,316,000 (2021: \$54,316,000) was due to Nobel Oil Ltd. These company is under common control of the ultimate beneficial owner. No amounts were advanced to the Group during the year (2021: Nil). In 2022, \$3,000,000 was repaid by the Group to Nobel Oil Ltd (2021: \$3,000,000).

The payables to related parties have arisen mainly from group investment and are repayable on demand and bear no interest.

2) At 31 December 2022, \$4,947,000 (2021: \$4,978,000) represented a loan outstanding to Nobel Oil E&P Caspian Ltd of \$3,885,000 (2021: \$3,885,000), to Nobel Oil E&P Management (UK) Ltd of \$1,044,000 (2021: \$690,000) and to Nobel Oil E&P North America (UK) Limited of \$287,000 (2021: \$287,000). This was offset by a loan outstanding from Nobel Oil E&P North Sea Ltd of \$269,000 (2021: \$116,000 loan outstanding to Nobel Oil E&P North Sea Ltd). In 2022, \$354,000 (2021: \$13,000) was advanced to the Company during the year and \$385,000 (2021: \$45,000) was repaid by the Company.

3) This is zero-interest loan of £500,000 made available to key management personnel.

26. Events after the reporting period

There were no adjusting or non-adjusting events that occurred after the balance sheet date and up to the date of signing the annual financial statements.

27. Ultimate controlling party

The Company's immediate controlling party is Neqsol Holding B.V. a company registered in the Netherlands with company registration number 863828772. The company's ultimate controlling party is Nasib Jabbar oglu Hasanov by virtue of his 100% ownership of the share capital of Neqsol Holding B.V.