
ESSO EXPLORATION AND PRODUCTION UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

ESSO EXPLORATION AND PRODUCTION UK LIMITED

COMPANY INFORMATION

DIRECTORS

P A Greenwood
J E Jackson
A M Johnson (resigned 1 May 2023)
S Oldfield (appointed 1 May 2023)

COMPANY SECRETARY

Katrina Mulligan (appointed 3 April 2023)
Fiona Harness (resigned 3 April 2023)

REGISTERED NUMBER

00207426

REGISTERED OFFICE

Ermyn House
Ermyn Way
Leatherhead
Surrey
KT22 8UX

INDEPENDENT AUDITORS

Grant Thornton
Chartered Accountants and Statutory Auditors
13-18 City Quay
Ireland
D02 ED70

COMPANY TYPE

Esso Exploration and Production UK Limited is a private company, limited by shares and registered in England and Wales.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

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ESSO EXPLORATION AND PRODUCTION UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for Esso Exploration and Production UK Limited (the "Company") the year ended 31 December 2023.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £86M (2022 - £183M)

No dividends were recommended by the directors or paid during the year (2022 - £Nil).

DIRECTORS

The directors who served during the year were:

P A Greenwood
J E Jackson
S Oldfield (appointed 1 May 2023)
AM Johnson (resigned 1 May 2023)

FUTURE DEVELOPMENTS

The Company intends to continue with its current principal activity.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL RISK MANAGEMENT

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006, to set out information related to financial risk management, in the Company's Strategic report.

EMPLOYEES

The Company has no employees.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company is able to call on the extensive research and development resources of its ultimate parent company, Exxon Mobil Corporation and spent a total of £8M on Research and Development in 2023.

Research and guidance on environmental matters is also provided by other members of the ExxonMobil group.

EMPLOYEE INVOLVEMENT

The company has no employees and instead relies on services from other Exxonmobil affiliates. Details of the employee involvement is included in the financial statements for those companies.

BUSINESS RELATIONSHIPS

Details of our engagement with and in regard to other key stakeholders including suppliers and customers, is set out in the Strategic report that follows.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company satisfies the criteria that require it to report the total energy consumption and greenhouse gas ("GHG") emissions of its activities in the United Kingdom.

The Company's greenhouse gas emissions and energy consumption are as follows:

	2023 tCO ₂ e	2022 (Restated) tCO ₂ e
Annual emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO ₂ equivalent or 'tCO ₂ e')	368,474	398,771
Total gross emissions tCO₂e	<u>368,474</u>	<u>398,771</u>

	kWh	kWh
Annual aggregate of 1) energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and 2) the quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh.	<u>1,779,431</u>	<u>2,062,109</u>

The intensity ratio for the year measured in tCO ₂ e per £M of turnover:	<u>635</u>	<u>491</u>
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The Company has restated the 2022 comparative figures to align the scope of activities.

In deriving the above amounts the Company has adopted the equity share approach, utilising emission factors from the UK Government GHG Conversion Factors for Company Reporting 2023 and incorporating data compiled by the business for reporting under the Climate Change Agreements Scheme.

The Company constantly seeks opportunities to increase its energy efficiency and improve performance that reduces its energy consumption and emissions, however during the year there were no individual initiatives that on their own materially reduced total energy consumption and emissions.

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has a sufficient cash deposit position held with another ExxonMobil group undertaking which the directors believe will be sufficient to cover existing liabilities and consider that it will continue to generate sufficient funds to cover both its operating expenses and abandonment obligations in the upcoming period. The company therefore continues to adopt the going concern basis in preparing its financial statements.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

This statement is made pursuant to Section 26(2) of The Companies (Miscellaneous Reporting) Regulations 2018. The following section sets out the arrangements for corporate governance that were applied in respect of the Company in 2023.

A number of group-wide policies and procedures are developed by the Company's ultimate parent company, Exxon Mobil Corporation (the "Corporation") and adopted by the Company. Collectively, these policies and procedures incorporate the essential elements of effective corporate governance. Accordingly, the Company does not adopt a separate corporate governance code.

In the following paragraphs we consider the six Wates Corporate Governance Principles for Large Private Companies within the context of the policies and procedures adopted by the Company and used in its business.

Purpose and leadership

The first of the Wates Principles states that an effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.

In its Statement of Guiding Principles, the Corporation expresses its commitment to being the world's premier petroleum and chemical manufacturing company. As a subsidiary of the Corporation, the Company has a well-developed and defined purpose, as reflected in its principal activities of the exploration for, production, transportation and sale of crude oil, natural gas and natural gas liquids.

The development of the 2023 annual corporate plan for the business of the Company involved directors of the Company, senior managers of the Company's business and its functional advisers. The plan was ultimately approved by representatives of the Corporation.

Throughout 2023, the directors participated in quarterly review meetings with business line managers and senior advisors from Law, Tax, Controllers, Public and Government Affairs ("P&GA"), Safety, Security, Health & Environment ("SSHE") and Human Resources ("HR"). These meetings provided opportunity to engage on the Company's performance against plan and other key performance indicators, including SSHE. Updates from the business lines, the HR and P&GA departments were standing items at all such meetings.

The values of the Company are reflected in the Statement of Guiding Principles, Standards of Business Conduct and Procedures & Open Door Communications which have been adopted by the Company. All directors, officers and employees of the Company are required to apply the Standards of Business Conduct in their work, routinely review the Standards of Business Conduct in a company training forum and annually provide certification of their compliance with the Standards of Business Conduct.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (CONTINUED)

Board composition

The second of the Wates Principles states that an effective board composition requires an effective chair and a balance of skill, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution, noting that the size of a board should be guided by the scale and complexity of the company.

Each of the directors is an employee, either of the Company, or of another ExxonMobil affiliate. Nominations to the Board of Directors (the "Board") are required to be reviewed by certain functional advisors and a senior manager from the business line. The review procedure specifically provides that individuals may not final review their own election or appointment. The associated guidelines require that nominees:

- are able to represent and speak for the interests of the Company's shareholders;
- collectively have the necessary technical and business acumen to deal with both the specific and broad range of affairs of the Company; and
- include members who have a functional background specifically related to the Company's primary business activities as well as others with sufficient knowledge of essential supportive functions such as financial, legal and tax.

Throughout 2023, the Board comprised senior business and finance managers of the business of the Company

Responsibilities

The third of the Wates Principles states that the board and individual directors should have a clear understanding of their accountability and responsibilities, with policies and procedures supporting effective decision-making and independent challenge.

Upon appointment to the Board, all directors complete an induction training programme, providing them with a clear understanding of their accountability and responsibilities. This is reviewed on an annual basis by the directors through a mandatory process for governance assurance, which is carried out globally and stewarded by the Corporation. The directors have access to dedicated legal and company secretarial resources.

Delegation of authority by the directors is documented in a Delegation of Authority Guide and a financial authority schedule, which provides for the appropriate review levels for the various transactions in respect of which authority has been delegated. The procedure provides reassurance to the directors that when matters come before the Board for review and/or approval, the quality and integrity of information is reliable.

The quarterly review meetings mentioned above provide the directors with an opportunity to review a variety of information relating to the business of the Company such as SSHE matters, KPIs, financial reporting, HR and stakeholder engagement; and engage with senior managers of the business of the Company.

These processes and engagements provide the directors with additional information to assist their effective stewardship of the Company's performance, enabling them to make informed decisions.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS (CONTINUED)

Opportunity and risk

The fourth of the Wates Principles provides that a board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Promotion of these two aspects of governance are enabled in the governance structure of the Company as follows:

- The Corporation has global functions whose purpose it is to identify opportunities to create and preserve the value of the Corporation's businesses. These functions work within the ExxonMobil risk management framework, which provides a structured and comprehensive approach to identify, prioritise and manage risks.
- The Company's Board acknowledges its responsibility for establishing oversight of the opportunities, risks and rewards identified and provides, through oversight of the application of the Delegation of Authority Guide that the business arrangements and transactions are appropriate to the Company's needs and receive appropriate review. Once an opportunity and its associated risks have been identified by a function, the functional manager presents it to the Company's Board for engagement and discussion and to provide the directors with an opportunity to consider the opportunity, in light of the long-term sustainable success of the Company.

Throughout the year the Board has been engaged in activity that demonstrates its promotion of the long-term sustainable success of the Company by the identification of opportunities and identification and mitigation of risks. Some of these activities are perennial, whilst others are singular events. For example; the Board undertook its annual review and reaffirmation of the Company's commitment to its Health and Safety policy and regularly monitored the Company's performance against the objectives set by that policy.

Remuneration

The fifth of the Wates Principles states that a board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

Each of the directors is an employee, either of the Company, or of another ExxonMobil affiliate. Compensation programs and budgets, which include remuneration structures for all employees of the Company and its affiliates, are developed and endorsed by the HR department and subject to a documented process for review, endorsement and final review. Compensation design principles are intended to be aligned with the business strategy of the Company in that they are business driven, long-term oriented and intended to deliver levels of total remuneration that will attract, retain and reward high quality and productive employees in support of the Company's business objectives.

Stakeholder relationships and engagement

The sixth of the Wates Principles provides that directors should foster effective stakeholder relationships aligned to the company's purpose, with the board responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Corporation's key stakeholders are identified in its Guiding Principles and The Standards of Business Conduct sets the framework for dialogue with its workforce and wider stakeholders.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

The directors' statement of compliance with the duty to promote the success of the Company, included in the Company's Strategic report, explains how the Company's Board has adopted the Guiding Principles and Standards of Business Conduct, details the stakeholders that are key to the Company's business, the engagement with the various stakeholders in 2023 and how the directors have had regard to each of them through the year.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

Deferred and contingent considerations of £49M and £99M were received in January and March 2024 respectively from NEO Energy Limited in relation to the 2021 sale of certain North Sea assets.

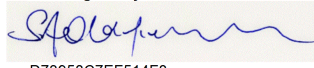
In April 2024, the Company declared and paid a dividend of £400M to its shareholders, Esso UK Limited and ExxonMobil UK Limited.

In July 2024, the Company announced it had entered into an agreement with RockRose Energy Limited for the sale of a package of non-operated upstream assets in the United Kingdom Southern North Sea. The transaction remains subject to all requisite approvals.

AUDITORS

The auditors, Grant Thornton, continue in office in accordance with the section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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S Oldfield
Director

Date: September 26, 2024

ESSO EXPLORATION AND PRODUCTION UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

PRINCIPAL ACTIVITIES

The principal activities of the Company are the exploration for, production, transportation and sale of natural gas and natural gas liquids.

BUSINESS REVIEW

Turnover in the year was lower compared with 2022, mainly due to lower prices. An additional £99M of profit on disposal was recognised following receipt of contingent consideration from NEO Energy Limited in relation to 2021 sales agreement of certain North Sea assets.

The Company has net assets of £1,319M (2022 - £1,233M).

KEY PERFORMANCE INDICATORS

The business of the Company is managed on a divisional basis and performance is measured in areas such as safety, the environment, operations and finance. Performance indicators are regularly shared with divisional management, including representatives of the ultimate parent company, Exxon Mobil Corporation.

Key operating performance indicators

	2023 (tCO ₂ e)	2022 Restated (tCO ₂ e)	Change %
Total gross emissions	368,474	398,771	(8)

Key financial performance indicators

During 2023 turnover decreased by £233M mainly due to lower prices and gross profit was 78% lower compared with 2022.

Net current assets (current assets less current liabilities) for the year decreased by 8% reflecting decreased third party receivables. Total equity position increased year on year by 7%.

	2023 £M	2022 £M	Change %
Turnover	580	813	(29)
Cost of sales	(535)	(605)	(12)
Gross profit	45	208	(78)
Total equity	1,319	1,233	7
Net current assets	2,074	2,252	(8)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Section 172 of the UK Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors (the "172 Factors"):

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The members of the Board of the Company are all senior management personnel who either work directly for the Company, or head key functions that support the running of the Company. As part of their appointment to the Board of Directors, each director is briefed on their duties and can access professional advice on these, either from the company secretary or, if they judge it necessary, from an independent adviser. Each year the members of the Board are required to re-affirm their roles and responsibilities as a director of the Company.

The Board has adopted a Delegation of Authority Guide ("DOAG") which documents the delegation of authority from the Board in respect of specified matters, and the associated review requirements and final review levels.

The Company's ultimate parent company Exxon Mobil Corporation (the "Corporation") has developed and adopted certain "Guiding Principles" and "Standards of Business Conduct". All wholly-owned and majority-owned subsidiaries of the Corporation generally adopt similar policies. Accordingly, the Company's Board has adopted the Guiding Principles and Standards of Business Conduct as the basis for the conduct of the Company's business and its engagement with its key stakeholders. Many of these Principles and Standards of Business Conduct described further in this Strategic report, have a close synergy with the 172 Factors. In carrying out their role of overseeing the implementation and administration of the Principles and Standards of Business Conduct in the business of the Company, the directors concurrently have appropriate regard to the 172 Factors.

Against the above background, the following paragraphs summarise how the directors have had regard to the 172 Factors, focusing on the matters that are of strategic importance to the Company, consistent with the size and complexity of its business.

Long term consequences of decisions

While the Company maintains its flexibility to adapt to changing conditions, the nature of the industry in which the Company operates requires a focused long-term approach.

Each year, the Corporation publishes a view of long-term energy demand and supply in an Outlook for Energy report. The Outlook for Energy helps to inform the Company's long-term business strategies, investment plans and research programmes.

During the year, the Corporation also published its Advancing Climate Solutions - 2023 Progress Report (formerly the Energy & Carbon Summary), which outlines ExxonMobil's commitment to driving emission reductions in support of a net-zero future.

The directors engage in an annual corporate planning process pursuant to which long-range strategies and plans are developed, adopted and reviewed. The directors oversee the conduct of the business of the Company in accordance with these long-term strategies and plans, the Company's Guiding Principles and Foundation Policies and the Company's system for measuring and mitigating environmental risk, detailed below.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are actively engaged in monitoring the economic environment in which the Company operates and managing the Company's exposure to the risks presented by it.

For further details on the Company's exposure to risk and how it manages its risk environment, refer to the sections of this Strategic report entitled "Principal risks and uncertainties" and "Financial risk management".

Our personnel

The Company has no employees.

Business relationships

Customers

We recognise that success depends on our ability to consistently satisfy ever-changing customer preferences. We commit to being innovative and responsive, while offering high-quality products and services at competitive prices.

We seek to cultivate an open dialogue with our customers, provide customer service numbers, and support marketing teams in responding to customer questions.

Suppliers

We acknowledge that our business success reflects on how well we manage those who work on our behalf.

The Company is supported by the Corporation's global procurement organisation, which assists the Company with its procurement strategy and its engagement with suppliers.

The Company engages with suppliers at all levels of management through dialogue and forums. We hold forums with suppliers to provide information on our culture of safety, environmental and human rights practices. We also engage with our suppliers on various topics including operational integrity, safety and expectations for suppliers.

Community and environment

The Company's environmental policy is detailed at the end of this Strategic report.

The Directors attend leadership meetings, reviews and reports throughout the year which cover a broad range of topics, including the community and the environment.

The Company is a partner in several joint ventures, which are operated by others ("OBO"). While recognising that the operator has full responsibility for safety, security, health, environment and the integrity of operations and regulatory compliance, we communicate our expectations to operators on the implementation of an effective integrity management system, which includes safety, security, health, and environmental aspects and the priority to be placed on consistently conducting operations in compliance with that system. Where permitted under our joint venture agreements, the Company participates in key joint venture safety reviews and audits.

Maintaining a reputation for high standards of business conduct

The Company believes that how we achieve strong results is as important as the results themselves. The Company's directors and officers are expected to observe the highest standards of integrity in conducting its business.

To achieve this the Board of the Company has adopted and oversees the administration of the Corporation's Guiding Principles and Standards of Business Conduct.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Standards of Business Conduct adopted by the Company comprise: Ethics Policy; Conflicts of Interest Policy; Corporate Assets Policy; Directorships Policy; Gifts and Entertainment Policy; Anti-Corruption Policy; Political Activities Policy; International Operations Policy; Antitrust Policy; Health Policy; Environment Policy; Safety Policy; Product Safety Policy; Customer Relations and Product Quality Policy; Alcohol and Drug Use Policy; Equal Employment Opportunity Policy; and Harassment in the Workplace Policy.

These policies together with the Procedures and Open Door Communication policies, collectively express the Company's expectations, define the basis for the conduct of the Company in its business and guide the Company's engagement with all of its stakeholders.

All directors, officers and employees of the Company are required to apply the Standards of Business Conduct in their work, routinely review the Standards of Business Conduct in a company training forum and annually provide a certification of their compliance with the Standards of Business Conduct.

The Guiding Principles and Standards of Business Conduct are published and publicly available on the Corporation's website detailed at the end of this report.

Shareholders

The Company is the wholly owned subsidiary of UK registered ExxonMobil entities and ultimately of Exxon Mobil Corporation as detailed in Note 22 - Controlling Party.

The Guiding Principles adopted by the Company set out the Company's commitment to enhancing the long-term value of the investment entrusted to the Company by its shareholders.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties comprise climate change risk and alternative energy, financial risks, health and safety, environment and government and political risk. The Company's policies relating to these risks are set out in the paragraphs below.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks from a variety of factors that include price, credit, liquidity, interest rates and foreign exchange.

Price risk - The Company is exposed to fluctuations in oil, petrochemical and gas prices as a result of its operations. The Company does not use derivative financial instruments to manage the risk of fluctuating prices, so no hedge accounting is applied. The Company will revisit the appropriateness of this policy should operations change in nature.

Credit risk - The Company has implemented policies and procedures which require appropriate credit checks on potential customers before sales are made. The Company also has systems and processes to ensure the ongoing monitoring of customer creditworthiness and has in place procedures to enable it to respond where change in customer credit risk is detected.

Liquidity risk - The Company actively manages its finances to ensure that it has sufficient available funds for its operations. It is the directors' understanding that the ExxonMobil group companies will continue to provide suitable resources to the Company to meet its needs. The Company has a process in place to monitor the best financing structure and periodically reviews its strategies.

Interest rate risk - The Company has interest bearing assets; these are held at floating rates. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Foreign exchange risk - The Company has assets and liabilities denominated in foreign currencies, predominantly the US Dollar and the Euro. The Company generally prefers to follow market based prices so no derivative financial instruments are used to manage the risk of fluctuating exchange rates, and no hedge accounting is applied. The Company has in place a foreign exchange policy and will reconsider the appropriateness of this policy should operations change in nature.

CLIMATE CHANGE RISK AND ALTERNATIVE ENERGY

Depending on how policies are formulated and applied, such policies could negatively affect our investment returns, make our hydrocarbon-based products more expensive or less competitive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon alternatives.

HEALTH AND SAFETY

The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Operations Integrity Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The Company is committed to continuous efforts to identify and eliminate or manage health and safety risks associated with its activities.

GOVERNMENT AND POLITICAL RISK

The company's results can be adversely affected by political or regulatory developments affecting our operations. We remain exposed to changes in law or interpretation of settled law (including changes that result from international treaties and accords) and changes in policy that could adversely affect our results, such as:

- increases in taxes, duties, or government royalty rates (including retroactive claims);
- price controls;
- changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities;
- actions by policy-makers, regulators, or other actors to delay or deny necessary licenses and permits, restrict the availability of oil and gas leases or the transportation of our products, or otherwise require changes in the company's business or strategy that could result in reduced returns.

Other risks and uncertainties include, but are not limited to:

- Operating conditions in the UK Continental shelf and operational risk
- Uncertainty and economic instability due to the ongoing conflicts in Ukraine and Israel/Palestine
- The impact of global pandemics including the demand for and prices of natural gas and NGLs
- Cyber-attacks targeting systems and infrastructure used by the oil and gas industry.

ENVIRONMENTAL POLICY

The Company has a policy to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the community. Further, it is the Company's policy to comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist.

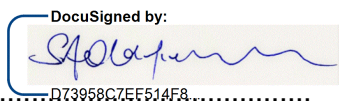
The Company's key principles and commitments in the areas of safety, health and the environment, among others, are consistent with those of its ultimate parent company, Exxon Mobil Corporation. Each year, Exxon Mobil Corporation publishes a detailed and comprehensive Sustainability Report that gives a full account of its positions, actions and performance.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Copies of this publication can be obtained by writing to: Exxon Mobil Corporation, Attn: Public & Government Affairs, CCR Requests, 22777 Springwoods Village Parkway Spring, TX 77389, USA. Alternatively, it can be viewed on www.exxonmobil.com.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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S Oldfield
Director

Date: September 26, 2024

ESSO EXPLORATION AND PRODUCTION UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO EXPLORATION AND PRODUCTION UK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Esso Exploration and Production UK Limited (the "Company"), which comprise the Statement of comprehensive income, Statement of financial position, the Statement of changes in equity for the year ended 31 December 2023; and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Esso Exploration and Production UK Limited's :

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the year then ended; and
- have been properly prepared in accordance of 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 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 Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other matter

The financial statements of Esso Exploration and Production UK Limited for the year ended 31 December 2022, were audited by PricewaterhouseCoopers LLP who expressed an unmodified opinion on those statements on 22 December 2023.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

ESSO EXPLORATION AND PRODUCTION UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO EXPLORATION AND PRODUCTION UK LIMITED

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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.

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

ESSO EXPLORATION AND PRODUCTION UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO EXPLORATION AND PRODUCTION UK LIMITED

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with data protection requirements in the jurisdictions in which the Company operates and holds data and other environment regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team including ITGC specialists etc, as applicable, to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's regulatory and legal correspondence and review of minutes of directors' meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including provision estimate; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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

ESSO EXPLORATION AND PRODUCTION UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSO EXPLORATION AND PRODUCTION
UK LIMITED**

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



Cathal Kelly (Senior statutory auditor)
for and on behalf of Grant Thornton
Chartered Accountants and Statutory Auditors
Dublin
Date: 26 September 2024

ESSO EXPLORATION AND PRODUCTION UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

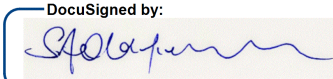
	Note	Continuing operations 2023 £M	Discontin'd operations 2023 £M	Total 2023 £M	Continuing operations 2022 £M	Discontin'd operations 2022 £M	Total 2022 £M
Turnover	3	580	-	580	813	-	813
Cost of sales		(535)	-	(535)	(605)	-	(605)
Gross profit		45	-	45	208	-	208
Other operating income		-	99	99	-	139	139
Operating profit	4	45	99	144	208	139	347
Interest receivable and similar income	8	76	-	76	24	-	24
Interest payable and similar expenses	9	(39)	-	(39)	(16)	-	(16)
Profit before tax		82	99	181	216	139	355
Tax on profit	10	(95)	-	(95)	(172)	-	(172)
Profit for the financial year		(13)	99	86	44	139	183
Other comprehensive income for the year							
Total comprehensive income for the year				86			183

ESSO EXPLORATION AND PRODUCTION UK LIMITED
REGISTERED NUMBER:00207426

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £M	2022 £M
Fixed assets			
Tangible fixed assets	11	495	540
		<u>495</u>	<u>540</u>
Current assets			
Inventories	12	16	24
Debtors	13	2,159	2,319
		<u>2,175</u>	<u>2,343</u>
Creditors: Amounts falling due within one year	14	(101)	(91)
Net current assets		<u>2,074</u>	<u>2,252</u>
Total assets less current liabilities		<u>2,569</u>	<u>2,792</u>
Creditors: Amounts falling due after more than one year	15	(265)	(584)
Provisions for liabilities			
Other provisions	18	(985)	(975)
Net assets		<u>1,319</u>	<u>1,233</u>
Capital and reserves			
Called up share capital	19	-	-
Share premium account	20	461	461
Profit and loss account	20	858	772
		<u>1,319</u>	<u>1,233</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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S Oldfield

Director

Date: September 26, 2024

The notes on pages 21 to 38 form part of these financial statements.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £M	Share premium account £M	Profit and loss account £M	Total equity £M
At 1 January 2022	-	461	589	1,050
Comprehensive income for the financial year				
Profit for the financial year	-	-	183	183
At 1 January 2023	-	461	772	1,233
Comprehensive income for the financial year				
Profit for the financial year	-	-	86	86
At 31 December 2023	-	461	858	1,319

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES

1.1 General information

The principal activities of the Company are the exploration for, production, transportation and sale of natural gas and natural gas liquids.

The company is a private company limited by shares and incorporated in England. The address of the registered office is Ermyn House, Ermyn Way, Leatherhead.

1.2 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently:

1.3 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has a sufficient cash deposit position held with another ExxonMobil group undertaking which the directors believe will be sufficient to cover existing liabilities and consider that it will continue to generate sufficient funds to cover both its operating expenses and abandonment obligations in the upcoming period. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.4 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 29 Income Tax paragraphs 29.28(b) and 29.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Exxon Mobil Corporation as at 31 December 2023 and these financial statements may be obtained from Exxon Mobil Corporation, Shareholder Relations, 22777 Springwoods Village Parkway, Spring, TX 77389, USA.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Turnover

The Company's activities consist of the production and sale of crude oil, natural gas, petroleum products and related goods and services. Revenue is recognized when the product has been physically delivered to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 Joint ventures

The Company has entered into a number of unincorporated joint venture agreements in which it has a long-term interest and shares control of oil fields operated by other co-venturers. These ventures cover all of the Company's North Sea operations. The financial statements include the Company's proportionate share of the results of operations and balances related to these joint ventures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Intangible fixed assets

Intangible assets are initially recognised at cost. Under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases:

Exploration and production acreage	-	3.3% to 20% per annum
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1.8 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation less any accumulated impairment losses and include interest capitalised on certain long term construction projects.

Interests that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the cost of the asset.

Where an asset is constructed over time, costs are first charged to the statement of financial position as "Assets under construction". Once the asset is complete and has been commissioned, or a discrete smaller part of a larger asset has been completed and commissioned, all costs relating to the commissioned asset are immediately transferred to the appropriate asset class and depreciation of the asset begins.

Assets are regularly reviewed for evidence of possible impairment. Where a review indicates that the asset, or cash generating unit (CGU) where applicable, requires impairment then the carrying value will be written down immediately to its recoverable amount.

The recoverable amount of an asset, or CGU is the higher of its fair value less costs to sell and its value in use. Value in use, is the present value of the estimated future pre-tax cash flows expected to be derived from an asset, discounted at an appropriate pre-tax discount rate. If the recoverable amount of the asset, or asset's CGU is estimated to be lower than the carrying amount, then the carrying amount is reduced to its recoverable amount and the reduction recognised in the statement of comprehensive income.

The cost of unsuccessful exploration wells is written off when determined. The cost of development wells, including those which are unsuccessful, is included in completed assets; unfinished wells and successful wells not yet producing are carried in assets under construction.

Depreciation and amortisation are charged to reduce the cost of each group of assets to its residual value over its expected useful life. Exploration and production assets are under 'Plant and Equipment', including productive acreage, leases and well investment, are depreciated or amortised by the unit of production method, the rate being based on reserves estimated to be recoverable using established recovery techniques. All other assets including certain crude oil and gas transportation, processing, treatment and storage assets are depreciated or amortised by equal annual instalments at rates detailed below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Assets under construction	- Not depreciated until brought into use
Other fixed assets	- 3.3% to 20.0% per annum

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

1.9 Operating leases: the Company as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

1.10 Leased assets: the Company as lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

1.11 Research and development costs

Geophysical and geological costs and research and development expenditure are charged to profit and loss as incurred. These charges are included in cost of sales. Drilling costs of exploratory wells, which result in additions to proved reserves and all development wells are capitalised.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and overheads directly attributable to bringing the inventory to its present location and condition.

The selling price is based on an estimate of the prevailing market conditions as at the date of the statement of financial position. Where the valuation of inventory is determined by reference to the selling price, an element of estimation uncertainty is introduced. At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

All financial liabilities are held at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.14 Foreign currency translation

Functional and presentation currency of the Company is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

1.16 Interest Income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

1.17 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.19 Decommissioning

The Company calculates its decommissioning provision as prescribed by FRS 102, S.21 'Provisions and Contingencies'.

Provision is made for the net present cost of decommissioning oil and gas production facilities at the end of the producing life of the field, based on the price levels and technology at the statement of financial position date.

As prescribed by FRS 102 S.17 'Property, Plant and Equipment', a corresponding tangible fixed asset

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.19 Decommissioning (continued)

within Plant and Equipment is recognised in respect of decommissioning costs, which is subject to amortisation charges on a unit of production method, based on reserves estimated to be recoverable using proved recovery methods, price levels and technology at the statement of financial position date.

Notional interest charges arise over time, based on the unwinding of discounted decommissioning liabilities, which is recognised as a finance cost in profit or loss in the period in which it arises.

Decommissioning liabilities for each field are reviewed on a triennial basis, for those assets with shorter remaining field lives the Company has implemented more frequent reviews. Changes in the estimated costs of decommissioning and changes in discount rate are dealt with prospectively.

Calculation of the decommissioning provision is based on a standard process adopted by all relevant ExxonMobil affiliates using estimates of costs that management expect will be incurred in the future.

Accordingly judgement and estimation techniques are used. These include both internally generated assumptions and external cost estimates provided by specialists in North Sea decommissioning. The assumptions include, but are not limited to vessel rates, foreign exchange rates, the estimate of the end of field life, discount rates, project management costs, the duration of the decommissioning and weather-based contingencies.

1.20 Cash

As part of ExxonMobil's Treasury operations, the Company participates in an interest bearing bank account sweeping arrangement with another ExxonMobil group undertaking whereby the transactions cleared by the banks included in this arrangement are transferred to that undertaking on a daily basis. The net amount as at the statement of financial position date is fully liquid with the Company retaining full ability to access the cash at any time.

Interest related to these cash positions is based on the All-in Fallback Rate for Overnight GBP LIBOR, comprised of the Sterling Overnight Index Average, "SONIA", plus applicable spread adjustment ("GBP Fallback Rate"). Interest is charged at GBP Fallback Rate plus 0.9% on overdraft positions and GBP Fallback Rate minus 0.1% on deposit positions.

1.21 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant Judgements

The Company has made no provision for doubtful debts on debtors. In assessing the recoverability of the debtors, management uses judgement and takes into account several external and internal sources of information. Management have considered all relevant sources of the information and concluded that there are no indicators that a provision for doubtful debts are required.

In assessing the recoverability of inventory, management uses judgement and takes into account several external and internal sources of information. Management have considered all relevant sources of the information and concluded that certain stock cannot be recovered at the current carrying value. As a result the Company has impaired this stock.

Estimates

In applying the Company's accounting policies described above, the key sources of estimation uncertainty that carry risk of a material adjustment to the recoverable amount of assets or liabilities in the preparation of these financial statements include:

- the calculation of the decommissioning provision, refer to note 18.

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2023 £M	2022 £M
United Kingdom	580	806
Rest of Europe	-	5
Rest of the world	-	2
	<u>580</u>	<u>813</u>

Turnover is attributable to sale of goods of £410M (2022: £690M) and other services of £170M (2022: £123M).

ESSO EXPLORATION AND PRODUCTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2023 £M	2022 £M
Depreciation of tangible fixed assets	56	70
Amortization of decommissioning asset	8	70
Operating lease expense - plant and equipment	3	5
Other operating lease expense - other operating leases	-	1
Research and development	8	8
Foreign exchange differences	10	(13)
Impairment	14	-
	<u>119</u>	<u>171</u>

All depreciation of tangible fixed assets and amortisation of intangible fixed assets is charged to cost of sales.

An additional £99M of profit on disposal was recognised following receipt of contingent consideration from NEO Energy Limited in relation to 2021 sales agreement of certain North Sea assets.

5. AUDITORS' REMUNERATION

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2023 £K	2022 £K
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	138	191
Fees payable to the Company's auditor in respect of:		
Audit-related assurance services	-	5
	<u>-</u>	<u>5</u>

6. PERSONNEL COSTS

The Company has no employees.

7. DIRECTORS' REMUNERATION

All of the directors are employees of and are paid by another ExxonMobil affiliate. That affiliate makes no identifiable recharge to the Company for the directors' qualifying services. The directors' remuneration is aggregated with other functional costs, and recharged. Therefore the Company has made no disclosures with respect to the costs of the qualifying services provided by its directors.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £M	2022 £M
Interest receivable from group undertakings	64	17
Other interest receivable	12	7
	<u>76</u>	<u>24</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £M	2022 £M
Unwinding of discount on decommissioning liability	28	12
Other interest payable	11	4
	<u>39</u>	<u>16</u>

10. TAXATION

	2023 £M	2022 £M
Corporation tax		
Current tax on profits for the year	101	70
Adjustments in respect of prior periods	6	2
	<u>107</u>	<u>72</u>
Deferred tax		
Origination and reversal of timing differences	(12)	100
	<u>95</u>	<u>172</u>

ESSO EXPLORATION AND PRODUCTION UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 75% (2022 - 65%). The differences are explained below:

	2023 £M	2022 £M
Profit on ordinary activities before tax	181	355
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 75% (2022 - 65%)	136	231
Effects of:		
Multiple tax rate differences	(45)	-
Energy Profit Levy disallowed ABEX	45	-
Adjustments in respect of prior periods	6	2
Other timing differences leading to increase in taxation	27	(31)
Non-taxable income	(64)	(5)
Petroleum revenue tax	(9)	(36)
Tax relief on petroleum revenue tax	-	14
Other differences leading to an increase (decrease) in the tax charge	(1)	(3)
Total tax charge for the year	95	172

'Other timing differences leading to increase in taxation' of £27M (2022 - credit £31M) is related to Energy Profit Levy.

NOTES TO THE FINANCIAL STATEMENTS
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10. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Corporation Tax has been calculated at 40% of the taxable profits for the year (2022 - 40%) as most of the Company's operations are ring-fenced. A 10% (2022 - 10%) supplementary charge applied to profits earned from the Company's North Sea activities. Profits for the purpose of the supplementary charge are calculated without a deduction for financing costs. In addition, from 26 May 2022, an Energy Profits Levy (EPL) of 35% applies to profits earned from the Company's North Sea activities. Profits for the purpose of the EPL are calculated as for ring-fenced corporation tax but without the deduction for decommissioning costs and finance charges. Additional tax charge resulted from Energy Profits Levy is £84M for the year (2022 - £57M).

Petroleum Revenue Tax is charged at a rate of 0% (2022 - 0%) on profits from certain fields and is deductible for corporation tax and the supplementary charge.

Petroleum Revenue Tax ("PRT") can also be generated when tax losses are carried back to prior years. Where this is the case, relief for PRT is claimed at the rate that was applicable in the year that the claim is made against.

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11. TANGIBLE FIXED ASSETS

	Land & Buildings - Short Leasehold £M	Plant & Equipment £M	Assets Under Construction £M	Total £M
Cost or valuation				
At 1 January 2023	3	7,211	6	7,220
Additions	-	15	4	19
Transfers between classes	-	6	(6)	-
At 31 December 2023	<u>3</u>	<u>7,232</u>	<u>4</u>	<u>7,239</u>
Depreciation				
At 1 January 2023	2	6,678	-	6,680
Charge for the year on owned assets	-	64	-	64
At 31 December 2023	<u>2</u>	<u>6,742</u>	<u>-</u>	<u>6,744</u>
Net book value				
At 31 December 2023	<u>1</u>	<u>490</u>	<u>4</u>	<u>495</u>
<i>At 31 December 2022</i>	<u>1</u>	<u>533</u>	<u>6</u>	<u>540</u>

In accordance with the Company's accounting policy a review for indicators of impairment was conducted of its assets which principally consisted of assets belonging to the single Southern North Sea (SNS) CGU. No impairment indicator was identified during the review.

ESSO EXPLORATION AND PRODUCTION UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. INVENTORIES

	2023 £M	2022 £M
Raw materials and consumables	1	1
Finished goods and goods for resale	15	23
	<u>16</u>	<u>24</u>

The replacement cost of all categories of inventories held by the Company at 31 December 2023 was £16M (2022 - £24M).

Following the assessment of the recoverability of inventory certain stock was impaired by £14M.

13. DEBTORS

	2023 £M	2022 £M
Amounts falling due after more than one year		
Deferred tax asset (Note 17)	281	269
Prepayments and accrued income	233	539
	<u>514</u>	<u>808</u>
Amounts falling due within one year		
Trade debtors	14	25
Amounts owed by group undertakings	1,462	1,292
Other debtors	154	185
VAT recoverable	-	1
Prepayments and accrued income	15	8
	<u>2,159</u>	<u>2,319</u>

The Company participates in an interest bearing bank account sweeping arrangement with another ExxonMobil group undertaking whereby the transactions cleared by the banks included in this arrangement are transferred to that undertaking on a daily basis. The net amount of £1,407M as at 31 December 2023 is included in 'Amounts owed by group undertakings' (2022 - £1,245M).

All other amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

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14. CREDITORS: Amounts falling due within one year

	2023 £M	2022 £M
Trade creditors	14	5
Amounts owed to group undertakings	-	1
Corporation tax	32	3
Accruals and deferred income	55	82
	<u>101</u>	<u>91</u>

15. CREDITORS: Amounts falling due after more than one year

	2023 £M	2022 £M
Accruals and deferred income	265	584
	<u>265</u>	<u>584</u>

16. FINANCIAL INSTRUMENTS

	2023 £M	2022 £M
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,861</u>	<u>2,041</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>333</u>	<u>671</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. DEFERRED TAXATION

Deferred tax asset:

	2023 £M
At 1 January	269
Credited to the profit or loss	12
At 31 December	281

The deferred tax asset is made up as follows:

	2023 £M	2022 £M
Accelerated capital allowances	(128)	(151)
Decommissioning provision	287	256
Investment Allowance	25	30
Retained provisions relating to divestments	164	191
Other item	(67)	(57)
	281	269

Estimated deferred tax due to be released within one year amounts to £6M (2022 - £10M).

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18. PROVISIONS

	Decommissioning £M	Other provisions £M	Total £M
At 1 January 2023	610	365	975
Revision to estimate	121	10	131
Utilised in year	(80)	(69)	(149)
Unwinding of discount	15	13	28
At 31 December 2023	666	319	985

Decommissioning costs represent the future costs of abandonment for existing field operations. Other provisions represents the estimated decommissioning costs of divested fields where the Company has retained the decommissioning liability.

The decommissioning liability is stated at the estimated present value using a nominal discount rate of 3.4% (2022 - 3.7%). Compared with 31 December 2022, 'Decommissioning provision' on retained assets increased by £10M and 'Other provisions' increased by £9M as a result of the change in the discount rate.

End of field life is estimated on a field by field basis and is consistent with estimated remaining reserves. Project Management costs are consistently applied across all fields. Duration of decommissioning is estimated based on the size and complexity of the individual platforms, in addition to a fixed element for mobilisation and demobilisation. Weather based contingencies are based on historical weather patterns in the North Sea. Vessel rates are estimated by ExxonMobil specialists based on an internal assessment of bareboat rates plus estimates of the additional costs of manning and supporting the vessels. Relatively small changes in isolation of these assumptions could result in a significant change to the estimated decommissioning provision.

19. SHARE CAPITAL

Shares classified as equity

	2023 £	2022 £
Allotted, called up and fully paid		
19,180 (2022 - 19,180) Ordinary shares of £1.00 each	19,180	19,180
711 (2022 - 711) Redeemable ordinary shares of £1.00 each	711	711
	19,891	19,891

NOTES TO THE FINANCIAL STATEMENTS
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19. SHARE CAPITAL (CONTINUED)

The ordinary shares have a nominal value of £1 each. The redeemable preference shares have a nominal value of £1 each. The shares rank pari passu with the ordinary shares of the Company as regards to priority and amounts receivable on a winding up, the payment of dividends and voting rights.

There has been no change or modification to the rights attached to the shares in the year.

20. RESERVES

Share premium account

The share premium account is the difference between the par value of the Company's shares and the amount that the Company received for issued shares.

Profit & loss account

Profit and loss account represents accumulated comprehensive income for the year and prior years, less dividends.

21. RELATED PARTY TRANSACTIONS

The Company has selected the exemption in FRS 102, Section 33, paragraph 33.1A which allows nondisclosure of transactions between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member. No other transactions with related parties were undertaken that required to be disclosed.

22. POST BALANCE SHEET EVENTS

Deferred and contingent considerations of £49M and £99M were received in January and March 2024 respectively from NEO Energy Limited in relation to the 2021 sale of certain North Sea assets.

In April 2024, the Company declared and paid a dividend of £400M to its shareholders, Esso UK Limited and ExxonMobil UK Limited.

In July 2024, the Company announced it had entered into an agreement with RockRose Energy Limited for the sale of a package of non-operated upstream assets in the United Kingdom Southern North Sea. The transaction remains subject to all requisite approvals.

23. CONTROLLING PARTY

The immediate parent companies are Esso UK Limited and ExxonMobil UK Limited. The ultimate parent company and controlling party is Exxon Mobil Corporation, incorporated in New Jersey, USA. Exxon Mobil Corporation is listed on the New York Stock Exchange and its shares are widely dispersed. The smallest and largest group of which the Company is a member and for which group financial statements are prepared is Exxon Mobil Corporation. Financial statements can be obtained from Exxon Mobil Corporation, Shareholder Relations, 22777 Springwoods Village Parkway Spring, TX 77389, USA.