

Registration number: 7581419

Apache UK Investment Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Apache UK Investment Limited

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Apache UK Investment Limited

Company Information

Directors	J W Sauer S Greig T R Custer R M Littlewood
Company secretary	Cargil Management Services Limited
Registered office	27/28 Eastcastle Street London W1W 8DH United Kingdom
Bankers	Citibank N.A. Canada Square Canary Wharf London E14 5LB
Auditors	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022

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

Fair review of the business

Apache UK Investment Limited holds an investment in Apache Beryl I Limited ("ABIL"), which is focussed on the exploration for and extraction of oil and gas reserves in the UK.

The profit for the year after tax amounted to \$14,587,000 and was primarily the result of dividend income from subsidiary being higher than the interest paid on an intercompany loan. This was significantly lower than 2021 which had profit for the year after tax of \$461,780,000 primarily due to an investment impairment writeback. The directors do not recommend a final dividend.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The company has identified that the principal risk it faces is the impairment of the carrying value of its investment in ABIL. Following an assessment if indicators of impairment were present, the directors identified an indicator of impairment. As a result, the carrying value of the investment was reviewed however the directors concluded that there was no impairment of the investment required in 2022.

There are also risks in relation to the company's ability to repay its intercompany loan balances and intercompany interest charges. The ability of the company to service its loans is dependent on the trading performances of its investments and the ability to transfer funds to the company. In the event the investments could not provide the necessary funds to service the loans, the company is dependent on the financial support of its parent or other group undertakings.

On 29 April 2022, APA Corporation entered into two unsecured syndicated credit agreements for general corporate purposes that replaced and refinanced Apache Corporation's 2018 unsecured syndicated credit agreement (the Former Facility).

One agreement is denominated in US dollars (the USD Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of US\$1.8 billion (including a letter of credit subfacility of up to US\$750 million, of which US\$150 million currently is committed). APA Corporation may increase commitments up to an aggregate US\$2.3 billion by adding new lenders or obtaining the consent of any increasing existing lenders. This facility matures in April 2027, subject to APA Corporation's two, one-year extension options.

The second agreement is denominated in pounds sterling (the GBP Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of £1.5 billion for loans and letters of credit. This facility matures in April 2027, subject to APA Corporation's two, one-year extension options.

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

In connection with APA Corporation's entry into the USD Agreement and the GBP Agreement (each, a New Agreement), Apache Corporation terminated US\$4.0 billion of commitments under the Former Facility, borrowings then outstanding under the Former Facility were deemed outstanding under the USD Agreement, and letters of credit then outstanding under the Former Facility were deemed outstanding under a New Agreement, depending upon whether denominated in US dollars or pounds sterling. Apache Corporation may borrow under the USD Agreement up to an aggregate principal amount of US\$300 million outstanding at any given time. Apache Corporation has guaranteed obligations under each New Agreement effective until the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache Corporation's existing indentures is less than US\$1.0 billion.

As of 31 December 2022, there were \$566 million of borrowings and a \$20 million letter of credit outstanding under the USD Agreement, and an aggregate £652 million in letters of credit outstanding under the GBP Agreement. As of 31 December 2021, there were \$542 million of borrowings and an aggregate £748 million and \$20 million in letters of credit outstanding under the Former Facility. The letters of credit denominated in pounds were issued to support North Sea decommissioning obligations, the terms of which required such support after Standard & Poor's reduced Apache's credit rating from BBB to BB+ on 26 March 2020.

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 statement

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

Apache adopts a code of business conduct and ethics for the directors and employees of the company. Which outlines the company's high standards for anti-discrimination, anti-harassment, workplace safety and health and fair employment practices. Every employee and director receive training on this code of Business Conduct and Ethics at regular intervals and must recertify compliance annually. The code can be accessed on the Governance page of APA Corporation's website www.APAcorp.com

The directors have performed their duties and acted in a way that they considered, in good faith, to be most likely to promote the success of the company, and effectively engaged with and encouraged participation from the company's stakeholders under Section 172-(1) (a) to (f). In doing so, the Directors have regard, amongst other matters, to:

The likely consequences of any decision in the long term

Today, the world faces a dual challenge: To meet growing demand for energy and to do so in a cleaner, more sustainable way. Apache believes society can accomplish both and strives to meet those challenges while creating value for all its stakeholders.

Our Core Values

- Safety - we never compromise on safety
- Integrity - we conduct our business with respect, honesty and dignity
- People - we recognise people are the foundation that drives our success
- Stewardship - we have an unwavering commitment to responsible operations
- Ingenuity - we set aggressive goals, question the status quo, and seek top performance through continuous improvement

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 statement (continued)

Apache aims to be a community partner in all areas of operation, focused on protecting the safety and health of employees, communities and the environment while continuously looking for more sustainable ways to operate.

For Apache Corporation, reducing its GHG emissions is a top priority, and it is urgently being addressed. Apache Corporation's current strategy does not contemplate transitioning to an alternative energy producer. As a natural gas and oil exploration and production company, we are confident that even in a net zero future, the world will continue to utilize natural gas and oil. As such, Apache will continue to focus on taking deliberate near and medium-term actions that will generate predictable and meaningful reductions in absolute GHG emissions and GHG intensity from our operated assets.

Apache concentrates its sustainability efforts on three primary pillars that help focus resources and direct efforts toward activities that can deliver the most positive and relevant impact. These pillars Air, Water and Communities & People are the foundation for Apache Corporation's ESG strategy, initiatives and compensation-linked goals.

ESG Management Committee

To better understand external perspectives and concerns, members of APA's Board, executive team and ESG Management Committee regularly engage with a wide range of stakeholders, including shareholders, employees, customers, suppliers, government agencies and regulators, non-governmental organizations, and others on a variety of ESG issues, including GHG emissions, climate change related risks, corporate governance and human capital management.

Climate change is an important issue for Apache and its stakeholders. Apache is committed to reducing our emissions while helping to meet increasing global energy demand in affordable and reliable ways. Working every day to reduce its environmental footprint, ensure the safety of its operations, and partner with local communities to create long-lasting value.

Air

Greenhouse gas (GHG) and methane emissions are important issues for Apache. These emissions represent a change-related risk that could both shape and affect the business over time. Apache is committed to helping address the challenges that climate change presents, by monitoring and reporting emissions, setting goals to reduce emissions across operations, as well as improving operational efficiencies and reducing methane emissions intensity with engineering best management practices.

Greenhouse gases are emitted during the production, processing and transportation of natural gas and oil. Apache is committed to reducing these emissions from its operations and collaborating with others across the value chain to develop better approaches to emission reduction and leak detection.

Apache uses a range of methods to minimize GHG emissions, such as preventive maintenance programs for existing infrastructure and optimising the efficiency of operations.

Reducing emissions from Apache's operations and collaborating with others across the value chain to develop better approaches to emissions reduction and leak detection are key elements of this commitment. We use a range of methods to minimize GHG emissions, by implementing preventive maintenance programs for existing infrastructure, and working to optimize the efficiency of operations and minimize gas venting.

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 statement (continued)

Water

Apache uses best practices to safeguard water quality both onshore and offshore, including proper management of produced water, monitoring of chemicals used and waste disposal, all of which are a core part of Apache's sustainable operating strategy.

Communities & People

Apache Corporation is committed to being socially and environmentally responsible in the communities where it operates. The Community Partnerships group oversees the company's global strategic social investing and community engagement, including the stewardship of key stakeholder relationships.

Apache is focused on being welcomed in our local area, providing jobs for local populations and enabling community input. We maximise our positive impact for the area where we operate, strengthen our relationship with local communities, and we are focused on protecting the safety and health of our employees, local populations and the environment.

Full sustainability report is available on the Sustainability page of APA Corporation's website www.apacorp.com/sustainability.

Engagement with employees

Apache UK Investment Limited does not have any employees. The engagement of employees is addressed in the Statutory Accounts of Apache North Sea Production Limited.

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 statement (continued)

Engagement with suppliers, customers and other relationships

The company transacts with many approved suppliers, covering service companies working directly with Apache and personal service companies contracted through Apache's approved employment agencies. All have agreed contract payment terms as reported in the bi-annual Payment Performance Practices review.

Apache develops strong relationships with local suppliers and contractors. Although many products and services for the oil and gas industry are commonly provided by large multinational suppliers Apache also seeks to source supplies and services locally.

Engagement can be illustrated as follows;

- Supplier Code of Conduct ensures all suppliers and contractors meet Apache's expectations related to human rights, supplier diversity, health and safety, labour practices, business integrity, ethics, intellectual property management and the environment

- Supplier Diversity Program – Integral part of sourcing, contracting and procurement processes - Externally reporting Tier 1 spend by Category

- Contractor vetting process – Comprehensive contractor management process addresses the full lifecycle of vendor engagement from selection and evaluation through to monitoring and post-contract review. This includes contractor engagement meetings and ongoing contractor assessments

- SEQual – Apache in partnership with other North Sea Operators developed a new supplier assessment scheme for the Oil & Gas Industry

- Brexit/Pandemic – To ensure a smooth transition post Brexit and cater for the challenges from the COVID pandemic, Apache worked closely with its key suppliers and actively participated in industry led initiatives to limit or mitigate risks to our business

- Industry Workgroups – Apache continues to play an active part in many NSTA, OEUK and OGA workgroups and initiatives

- Contractor Management Program – In June 2021 a new CMP program commenced with Guidant Global utilising the SAP/Fieldglass Vendor Management System (VMS) to manage, standardise, and streamline our contract labour processes for temporary or project-based workers. The VMS covers the US and UK contingent labour requirements enhancing the process for both contractors and labour providers

- Local community outreach and philanthropy

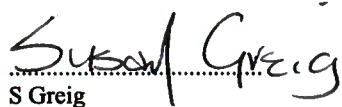
The need to foster the company's business relationships with customers is delegated by the Directors to a dedicated centralised Marketing Group within Apache Corporation.

The company holds regular Technical Committee and Operating Committee meetings with Joint Venture Partners in order to share information in line with Joint Venture Operating Agreements.

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on 20 September 2023 and signed on its behalf by:


S Greig
Director

Apache UK Investment Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' of the company

The directors who were appointed to, resigned from, or served in office during the year were as follows:

J W Sauer

S Greig

T R Custer

R M Littlewood

Going concern

The financial statements have been prepared under the going concern basis. The Directors believe this basis to be appropriate as another group company, Apache Corporation, has provided the company with an undertaking until 30 September 2024. Apache Corporation will continue to make such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

The directors have considered the liquidity and solvency of Apache Corporation and based on this assessment they believe the company will be able to continue in operational existence for the foreseeable future given the support provided by their operating parent company, Apache Corporation. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Political donations

The company made no political donations during 2022.

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

* to the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditors in connection with preparing the report) of which the company's auditors are unaware; and

* each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

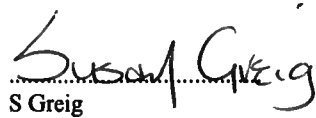
Apache UK Investment Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Environmental matters

Apache UK Investment Limited holds an investment in Apache Beryl I Limited (ABIL) and does not have a significant carbon footprint of its own. Therefore, associated disclosures regarding Streamlined Energy and Carbon Reporting have been voluntarily disclosed in Apache Beryl I Limited Statutory Accounts.

Approved by the board on 20 September 2023 and signed on its behalf by:

A handwritten signature in black ink that reads "Susan Greig". The signature is written in a cursive style with a large initial 'S'.

S Greig
Director

Apache UK Investment Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom 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 Financial Statements in accordance with UK-adopted international accounting standards ("IFRSs"), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 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 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 FRS 101 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 company Financial Statements, state whether UK-adopted international accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are 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.

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.

Apache UK Investment Limited

Independent Auditor's Report to the Members of Apache UK Investment Limited

Opinion

We have audited the financial statements of Apache UK Investment Limited (the "company") for the year ended 31 December 2022, which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 until 30 September 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 company'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.

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.

Apache UK Investment Limited

Independent Auditor's Report to the Members of Apache UK Investment Limited (continued)

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.

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 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, 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 directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

Apache UK Investment Limited

Independent Auditor's Report to the Members of Apache UK Investment 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 (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.

- We understood how the company is complying with those frameworks by making enquires of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations.

Our procedures on journal entries testing included a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management. Where instances of higher risk journals were identified, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information. We incorporated unpredictability into our testing of manual journal entries and revenue recognition.

A further description of our 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.

Apache UK Investment Limited

**Independent Auditor's Report to the Members of Apache UK Investment Limited
(continued)**

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.

Handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, slightly slanted style.

.....
Tom Sanders (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

20 September 2023

Apache UK Investment Limited

Statement of Profit or Loss for the Year Ended 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Revenue		-	-
Administrative expenses		<u>(17)</u>	<u>(36)</u>
Operating loss		<u>(17)</u>	<u>(36)</u>
Dividend income from subsidiary		27,519	15,918
Impairment of investment written-back	8	-	454,110
Finance costs	6	<u>(12,915)</u>	<u>(8,212)</u>
		<u>14,604</u>	<u>461,816</u>
Profit before tax		14,587	461,780
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
Profit for the year		<u>14,587</u>	<u>461,780</u>

The above results were derived from continuing operations.

Apache UK Investment Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

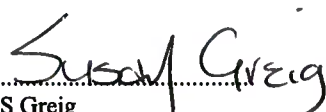
	Note	2022 \$ 000	2021 \$ 000
Profit for the year		14,587	461,780
Other comprehensive income		-	-
Total comprehensive income for the year		14,587	461,780

The notes on pages 20 to 30 form an integral part of these financial statements.
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Apache UK Investment Limited
(Registration number: 7581419)
Statement of Financial Position as at 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Fixed assets			
Investments	8	1,247,598	1,247,598
Current assets			
Trade and other receivables	9	15,139	3,572
Cash and cash equivalents		<u>12</u>	<u>13</u>
		15,151	3,585
Creditors: Amounts falling due within one year			
Trade and other payables	10	<u>(578,263)</u>	<u>(581,419)</u>
Net current liabilities		<u>(563,112)</u>	<u>(577,834)</u>
Net assets		<u>684,486</u>	<u>669,764</u>
Capital and reserves			
Called up share capital	11	149,205	349,070
Retained earnings		<u>535,281</u>	<u>320,694</u>
Total shareholders' funds		<u>684,486</u>	<u>669,764</u>

Approved by the board on 20 September 2023 and signed on its behalf by:


.....
S Greig
Director

Apache UK Investment Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital	Retained earnings	Total
	\$ 000	\$ 000	\$ 000
At 1 January 2022	349,070	320,694	669,764
Profit for the year	-	14,587	14,587
Other comprehensive income	-	-	-
Total comprehensive income	-	14,587	14,587
Decrease in Share Capital	(200,000)	200,000	-
Increase in Share Capital	135	-	135
At 31 December 2022	149,205	535,281	684,486

	Share capital	Retained earnings	Total
	\$ 000	\$ 000	\$ 000
At 1 January 2021	349,070	(141,086)	207,984
Profit for the year	-	461,780	461,780
Other comprehensive income	-	-	-
Total comprehensive income	-	461,780	461,780
At 31 December 2021	349,070	320,694	669,764

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

Apache UK Investment Limited ("the company") is a private company limited by share capital incorporated in the United Kingdom and domiciled in Scotland. The registered address of the company is 27/28 Eastcastle Street, London W1W 8DH.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The company has considered all new and amended International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), that are mandatorily effective for the year ending 31 December 2022. In the current year, the following new and revised standards and interpretations have been adopted. None of these have a material impact on the company's annual results.

- IFRS 3 Business Combinations - Reference to the Conceptual Framework
- IFRS 9 Financial Instruments - Annual Improvements to IFRSs 2018-2020 Cycle: Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 37 Provisions, Contingent Liabilities & Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard (“FRS”) 101 and the Companies Act 2006 (“the Act”). FRS 101 sets out a reduced disclosure framework for a “qualifying entity”, as defined in the Standards, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the company’s ultimate parent and from where consolidated financial statements within which the company is included may be obtained.

The financial statements are presented in US Dollars, the functional currency of the company, and all values are rounded to the nearest thousand except where otherwise indicated.

The rate of exchange used for 31 December 2022 is £1:\$1.2064 (2021 - £1:\$1.3533).

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-38D, 111 and 134-136 of IAS 1;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of IFRS 7, Financial Instruments; Disclosure; and
- (h) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

The notes on pages 20 to 30 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared under the going concern basis and the directors have reviewed the going concern period to 30 September 2024. Apache Corporation will continue to make such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

The directors have considered the liquidity and solvency of Apache Corporation and based on this assessment they believe the company will be able to continue in operational existence for the foreseeable future given the support provided by their operating parent company, Apache Corporation. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

As a wholly owned subsidiary of APA Corporation, the company has taken exemption from the requirement to prepare consolidated financial statements in accordance with Companies Act 2006 section 401.

Finance costs policy

Interest cost is recognised in the Statement of Profit or Loss as it accrues using the effective interest rate method.

Interest cost includes interest payable on intercompany loans.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

Tax is recognised in the Statement of Profit or Loss, except when a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value is also reviewed where there has been a previous impairment and changes in circumstances indicate the recoverable amount may be higher than the carrying value.

Dividends are recognised in income when the company's right to receive payment has been established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Receivables

Trade receivables are amounts due from another group company for goods provided or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. The accounting policy on Financial Instruments contains details of impairment of receivables.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Payables

Trade 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Profit or Loss over the period of the relevant borrowing.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial instruments

Initial recognition

The company recognises financial assets in the Statement of Financial Position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. After initial recognition, financial assets are measured at amortised cost, fair value through Other Comprehensive Income or fair value through the Statement of Profit or Loss.

Classification and measurement

The company's financial assets consist of receivables from other group companies and cash balances.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the company transfers these rights or the company does not retain control of the financial asset.

Impairment of financial assets

Measurement of Expected Credit Losses

Impairment is based on an expected credit loss model. Under the expected credit loss model an allowance for losses is calculated based on a 12-month expected credit loss or a lifetime expected credit loss. The company has chosen to make allowance for expected losses on a lifetime basis.

For the current accounting period the financial assets are not impaired.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

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

The company makes judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

Impairment of investments in subsidiaries

Impairment exists when the carrying value of an asset exceeds its recoverable amount. The recoverable amount requires the use of estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements and operating performance. Changes in these factors require judgement when working through the process of identifying any potential indicators of impairment. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amounts of assets.

4 Auditors' remuneration

	2022	2021
	\$ 000	\$ 000
Audit of the financial statements	<u>16</u>	<u>21</u>

All amounts are paid for on behalf of the company by another group undertaking.

5 Directors' remuneration

None of the directors received any fees or remuneration for services as directors of the company during the financial year.

All directors' contracts of employment are held with another group company. The directors also hold office in other group undertakings. Emoluments paid to directors by other group companies are disclosed within their financial statements.

There were no employees other than the directors.

The notes on pages 20 to 30 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Finance costs

	2022	2021
	\$ 000	\$ 000
Interest on intercompany loans	12,915	8,212

7 Tax on profit/(loss) on ordinary activities

Tax charged/(credited) in the statement of profit or loss

	2022	2021
	\$ 000	\$ 000
Current taxation		
UK corporation tax	-	-
	-	-

The tax for the year is the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:

	2022	2021
	\$ 000	\$ 000
Profit before tax	14,587	461,780
Corporation tax at standard rate	2,772	87,738
Non-deductible income and expenditure	-	(86,281)
Dividends from UK companies	(5,229)	(3,024)
Amounts group relieved for nil consideration	2,457	1,567
Total tax charge/(credit)	-	-

Legislation was introduced in UK Finance Act 2021 to increase the main rate of UK corporation tax for non-ring fence profits from 19 per cent to 25 per cent from 1 April 2023. This change will not have a material impact on the company.

The notes on pages 20 to 30 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Investments

Subsidiaries	\$ 000
Cost	
At 1 January 2022 and 31 December 2022	<u>1,247,598</u>
Provision for impairment of investment	
Carrying amount	
At 31 December 2022	<u><u>1,247,598</u></u>
At 31 December 2021	<u><u>1,247,598</u></u>

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Principal place of business and country of incorporation	Proportion of ownership interest and voting rights held	
			2022	2021
Apache Beryl I Limited	Direct sale of crude oil & gas	United Kingdom Cayman Islands	100%	100%

The registered office of ABIL is Paget-Brown Trust Company Ltd, Century Yard, PO Box 1111, Cricket Square, George Town, Grand Cayman, Cayman Islands, KY1 1102.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Investments (continued)

Impairment review

A review is carried out at each reporting date for any indication that the carrying value of the company's investment in ABIL may be impaired. If there are indicators of impairment, the company compares the carrying value of its investment in ABIL with the recoverable amount of ABIL.

The recoverable amount is determined based on ABIL's net assets as at the reporting date and any excess of projected future cashflows from its operations above the net book value of its oil and gas assets as at the reporting date.

The key assumptions used in determining the projected future cashflows are:

- Reserve and resource volumes form the basis of the production profiles within the discounted cash flow model. The data generated for each cash generating unit takes into consideration the development plans approved by senior management and reasonable assumptions that an external party would apply in appraising the assets.
- Commodity prices are in line with the company's long term view.
- Sterling denominated revenues and costs are translated using foreign exchange rates consistent with a long-term planning view.
- The discount rate reflects the estimated weighted average cost of capital rate. In 2022 a 27.4% pre-tax real discount rate was applied.
- Tax rates are consistent with rates and laws that have been enacted or substantially enacted by the reporting date.

Following a review of the carrying value of the investment in ABIL, the directors have concluded that no impairment is required for 2022. Furthermore, sensitivity analysis for these assets indicate that a 10% decrease in crude and gas prices, and a 1% increase in the discount rate would not result in any impairment charge.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Trade and other receivables

	31 December 2022	31 December 2021
	\$ 000	\$ 000
Trade and other debtors falling due within one year	\$ 000	\$ 000
Amounts due from group undertakings	15,139	3,572

The carrying value of the trade and other receivables classified as financial instrument loans and receivables equates to the fair value of those assets.

10 Creditors: Amounts falling due within one year

	2022	2021
	\$ 000	\$ 000
Amounts due to group undertakings	578,263	581,419

Included in Amounts due to group undertakings are intercompany loans of \$561,601,261 currently bearing interest at a rate of 4.46% (Monthly Short-term AFR). This loan matures in 2031 but is repayable on demand.

11 Called up share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	\$ 000	No. 000	\$ 000
Ordinary shares of £1 each	223,327	149,205	223,208	349,070

On 31 October 2022, the company issued 119,204 ordinary shares for consideration of \$134,474 and also on 31 October 2022, the company performed a capital reduction to increase distributable reserves by \$200,000,000

12 Related party transactions

As the company was a wholly owned subsidiary of Apache UK Corporation LDC as at 31 December 2022, it has taken advantage of the exception given by paragraph 8 of the Financial Reporting Standard No 101 which allows exemption from disclosure of related party transactions with other group companies.

The notes on pages 20 to 30 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Parent and ultimate parent undertaking

The company is a wholly owned subsidiary of Apache UK Corporation LDC, a company registered in the Cayman Islands.

The ultimate parent is APA Corporation, which is registered in the United States of America.

The name of the parent undertaking of the group in whose consolidated financial statements the company's financial statements are consolidated is APA Corporation.

The most senior parent entity producing publicly available financial statements is APA Corporation. These financial statements are available upon request from One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas - 77056-4400, USA.

14 Non adjusting events after the financial period

On the 17th of January 2023 Apache Corporation carried out an Equity Consolidation Step Plan. As part of this, Apache UK Investment Limited issued 461,653,318 ordinary shares for consideration of \$561,601,262 and subsequently performed a capital reduction to increase distributable reserves by \$600,000,000.