23 November 2022

The Parkmead Group plc
("Parkmead", "the Company" or "the Group")

Preliminary Results for the year ended 30 June 2022

Parkmead, the independent energy group focused on growth through gas, oil and renewable energy projects, is pleased to report its preliminary results for the year ended 30 June 2022.

HIGHLIGHTS

Record revenue, up 236%, with strong cashflow and profits recorded at operating and pre-tax levels

- Revenue more than tripled to £12.1 million (2021: £3.6 million), as the Company benefited from the continued strength in gas prices
- Gross profit increased significantly to £10.8 million (2021: £1.8 million), demonstrating the high-quality of Parkmead's onshore Netherlands assets
- Gross margin increased to 89% (2021: 49%)
- Net cash generated from operating activities of £4.5 million (2021: £1.3 million used in operating activities)
- Adjusted EBITDA of £9.1 million (2021: £1.0m loss)
- Operating profit achieved of £5.2 million (2021: £12.8 million loss) or 4.8p on a per share basis
- Record profit before tax of £4.0 million (2021: £13.4 million loss) or 3.7p on a per share basis
- Revenue in excess of €9.0 million from the Netherlands in the four-month period to 31 October 2022, as Parkmead remains 100% unhedged
- Parkmead maintains strict financial discipline with very low operating costs

Gas royalty acquisition proving highly beneficial

- Acquisition of Netherlands gas royalty completed in July 2021, doubling Parkmead's effective financial interest from 7.5% to 15% in the Grolloo, Geesbrug and Brakel gas fields
- Parkmead is benefiting strongly from this gas royalty deal, completed ahead of the increase in energy prices
- Low-cost onshore gas portfolio in the Netherlands produces from four separate gas fields with an average field operating cost of just US$8.6 per barrel of oil equivalent ("boe"), generating strong cash flows
- Average netback for the year from the Netherlands of approximately $120 per boe
- Average gross production for the period across the Group's Netherlands assets was 21.7 million cubic feet per day ("MMscfd"), approximately 3,740 barrels of oil equivalent per day ("boepd")

Operational wind farm acquired, delivering immediate electricity revenues

- Acquisition of 1.5MW onshore wind farm in Scotland through purchase of Kempstone Hill Wind Energy Limited ("KHWEL") for £3.29 million
- Acquisition was immediately revenue and cash flow enhancing
- The Kempstone Hill wind farm provides power for up to 1,000 homes and has an attractive inflation-linked, Feed-in Tariff through until 2036
- Electricity is sold through a power purchase agreement ("PPA"); Parkmead renegotiated the PPA in August 2022 securing a 245% increase in its export electricity prices
- Parkmead assessing a number of opportunities to further enhance the Kempstone Hill Wind Farm, such as the potential inclusion of solar power generation, and expanding sales of electricity to local industrial users

Substantial gas and oil reserves and resources

- Proven and Probable (2P) reserves of 45.5 million barrels of oil equivalent ("MMboe") as at 30 September 2022 (45.5 MMboe as at 30 September 2021)

Well positioned for further acquisitions and opportunities

- Parkmead maintains its appetite for energy acquisitions. The Group is well positioned, with a strong balance sheet, to capitalise on opportunities within in the sector

Post period end:

New two-well drilling campaign in the Netherlands commencing

- Spudding of 'LDS' two-well drilling campaign from the Diever site expected imminently
- The LDS project will target a combined Pmean Gas in Place of 37.2 billion cubic feet ("Bcf"), in the prolific Rotliegendes reservoirs found on the licence

Increased stake in Skerryvore to 50%; Greater Perth Area farm out launched

- Parkmead increased its stake in the high-impact Skerryvore project from 30% to 50%
- Planned well will target the main stacked exploration prospects, at Mey and Chalk level, which studies indicate could contain 157 million barrels of oil equivalent (MMboe) in the P50, most likely case
- Greater Perth Area ("GPA") farm-out process launched in September 2022
- New UK Energy Profits Levy has created a powerful investment incentive for major producers to invest in new UK North Sea developments, with an investment allowance of up to 91%
- Core Perth field alone holds approximately 55 million barrels of recoverable oil equivalent ("MMboe") on a most likely, P50 basis
- Wider GPA project has the potential to deliver between 75 and 130 MMboe on a P50 basis
- GPA has been fully appraised and no further appraisal drilling is needed; constituent wells have been flow tested at rates of up to 6,000 boepd

Parkmead's Executive Chairman, Tom Cross, commented:

"I am delighted to report an excellent year of progress for Parkmead. We have delivered record gas revenue and strong pre-tax profits through our high-quality Dutch assets.

The innovative royalty deal which we completed last summer is proving to be highly advantageous and is adding considerable value. Parkmead is 100% unhedged and is benefiting from these additional gas sales at higher prices.

We will be spudding the first of our LDS wells imminently in the Netherlands. This will target new onshore gas resources which, in a success case, will be tied in quickly to production. Parkmead has already commenced well planning work on the high-impact Skerryvore project in the UK.

A strong contribution is being made by the Kempstone Hill Wind Farm, producing 100% renewable energy direct to the grid. This UK onshore wind farm is complementary to the Group's low-carbon, onshore operations in the Netherlands.

Our team continues to identify and evaluate further acquisitions that would enhance our existing business.

Parkmead is well positioned for the future. We have excellent UK and Netherlands regional expertise, strong financial discipline, and a growing portfolio of high-quality assets. The Group will continue to build upon the inherent value in its existing interests with a balanced, acquisition-led, growth strategy to secure opportunities that maximise future value for our shareholders"

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CHAIRMAN'S STATEMENT

2022 has been an important year of delivery for Parkmead. Building on the solid foundations established in recent years, the Group increased its revenue by 236% in the period to £12.1 million and generated strong profits at both operating and pre-tax levels. Parkmead achieved an operating profit of £5.2 million and a record profit before tax of £4.0 million.

We also delivered a number of important, value-adding steps across our projects this year, including increasing our stake in Skerryvore, acquiring the Kempstone Hill wind farm and completing the Netherlands gas royalty transaction.

Financial Performance

The Group's revenue for the year to 30 June 2022 was £12.1m (2021: £3.6m), generating a substantial increase in gross profit to £10.8m (2021: £1.8m). The gross margin improved from 49% to 89%, showing the high-quality nature of Parkmead's onshore production in the Netherlands and strong operating leverage.

The increased revenue in the year reflected the good operating performance and substantially higher gas prices during 2021, which increased further in 2022 following Russia's invasion of Ukraine. This strength in gas prices has continued since the financial year end, with prices reaching approximately €350/MWh in August 2022. Since then, prices have softened and are now trading at more normalised levels as seen during the financial year. The spike in pricing has resulted in revenue from the Netherlands in the four-month period to 31 October 2022 in excess of €9.0 million. Parkmead remains 100% unhedged and therefore benefits from these higher prices.

Operating profit for the year was £5.2m (2021: £12.8m loss) and an adjusted EBITDA was delivered of £9.0m (2021: £1.0m loss). A record profit before tax was recorded of £4.0m (2021: £13.4m loss).

Taxation paid of £4.8m (2021: £0.4m) relates primarily to Parkmead's Netherlands assets and reflects high revenue and very low operating costs across the onshore portfolio. Accordingly, the Group's net loss for the period fell significantly to £0.8m (2021: £13.8m). Parkmead maintains a strong balance sheet with total assets of £86.3m (2021: £78.7m) as 30 June 2022. Cash and cash equivalents at year-end were £23.3m (2021: £23.4m) and interest bearing loans receivable were £2.9m (2021: £2.9m). The Group's net asset value was £57.0m (2021: £57.7m). Debt within the Group remains minimal and was £0.9m at 30 June 2022 (2021: £0.5m). This prudent approach to external debt is an important part of our financial discipline.

An impairment of goodwill was recorded in the year of £2.2m (2021: £nil) relating to historic contracts held by the Group's benchmarking and economics subsidiary company, Aupec Limited. Aupec is undergoing a growth strategy change that will focus the company's offering to a more interactive, cloud-based system for clients. This will also allow Aupec to offer a benchmarking analytics service to clients outside of the energy sector.

As a result of the excellent cash flow received from the Netherlands this year, we decided to move forward with legacy decommissioning activities that are required to be carried out in the UKCS. Completing this work will position Parkmead well ahead of its next phase of growth, with no major abandonment liabilities going forward. Decommissioning provisions for the period were £19.2m (2021: £0.4m). The Group is also capitalising on lower costs, agreed before the significant inflation in the offshore market.

Group administrative expenses were £2.2m (2021: £3m). Underlying staff costs, before share based payments, were reduced to £1.7m (2021: £2.0m).

Netherlands Gas Projects

In July 2021, Parkmead completed the acquisition of a gas royalty associated with the Group's existing interests in the Drenthe IV, Drenthe V and Andel Va licenses in the Netherlands from Vermilion Energy. These licences contain the Grolloo, Geesbrug and Brakel onshore gas fields, respectively.

The acquisition doubled the Group's effective financial interest from 7.5% to 15% (in line with Parkmead's working interest in the licences). This royalty was previously held by NAM (a Shell and ExxonMobil joint venture) and came with the licences when they were acquired by Parkmead. The consideration for the royalty was €565k.

The acquisition is already proving to be of significant benefit to Parkmead as it was completed ahead of the recent increase in energy prices. It is expected that the royalty deal will also significantly extend the producing life of these fields, through greater partner alignment.

Our Netherlands production was some of the most efficient and profitable in Europe during 2022, on a per-barrel basis. Average gross production for the financial year across the Group's Netherlands assets was 21.7 MMscfd, approximately 3,740 barrels of oil equivalent per day ("boepd").

We recently announced the spudding of the 'LDS' two-well drilling campaign in the Netherlands. The LDS wells are being drilled from the existing Diever well site and will target a combined mid-case gas-in-place of 37.2 billion cubic feet ("Bcf") in the prolific Rotliegendes reservoirs within this licence. The production tie-in period for these onshore targets is very short and, provided success at LDS, would result in significant additional revenue and cash flow for Parkmead.

The operating cost of the combined fields is very low at just $8.6 per barrel of oil equivalent. These high-quality assets, combined with the operating leverage from a fixed cost base, underpins the outstanding gross profit margin during the year and allows us to invest in further opportunities. Parkmead's onshore gas production continues to form a key part of the Group and an important role in our transition to a lower-carbon environment. On our Drenthe VI licence, the Diever gas field remains one of the most prolific producing onshore fields in the Netherlands. Given the production from Parkmead's Netherlands assets, especially in the context of current gas prices, a key near term focus for the Company will be to maximise the opportunities within these licences. The LDS two-well drilling campaign is part of this strategy.

UK Oil and Gas Projects

Skerryvore

Following consultation with its joint venture partners in Licence P.2400 (which encompasses the Skerryvore prospects) and having received approvals from the regulatory authorities, post period end Parkmead reached agreement to increase its stake in the Skerryvore project from 30% to 50%. Parkmead will continue as Operator on the licence, which is testament to the efforts and capability of the Parkmead team. Skerryvore will be Parkmead's first operated exploration well. Parkmead's joint venture partners in the licence going forward will be Serica Energy (UK) Limited (20%) and CalEnergy (Gas) Limited (30%).

In addition, Parkmead has received approval from the North Sea Transition Authority (NSTA) to enter the next phase of this licence with agreement to drill the high-impact Skerryvore prospects. The Company's geotechnical work programme has confirmed the considerable multi-interval potential of Skerryvore. The planned well will target the main stacked exploration prospects, at Mey and Chalk level, which studies indicate could contain 157 million barrels of oil equivalent ("MMboe") in the P50, most likely case. The licence also contains additional prospectivity at the Ekofisk and Jurassic levels. A successful discovery could be tied into existing and planned infrastructure in the vicinity.

The area around Skerryvore is currently seeing important activity on several fronts, with Harbour Energy progressing the adjacent Talbot discovery, NEO Energy proceeding with the redevelopment of Affleck and TotalEnergies appraising the Isabella discovery. Development activity is also taking place in the Norwegian sector in close proximity to Skerryvore at Tommeliten A, a licence operated by ConocoPhillips.

Greater Perth Area ("GPA")

Parkmead has engaged a leading energy corporate finance advisory firm, Gneiss Energy Limited, to manage the process to find a suitable industry partner (or partners) in relation to the Company's 100% interest in the Greater Perth Area "GPA") development project.

The core Perth field holds approximately 55MMboe on a most likely, P50 basis. The wider GPA project has the potential to deliver between 75 and 130 MMboe on a P50 basis and could provide material value-adding volumes to surrounding infrastructure through field life extension.

GPA is one of the North Sea's largest undeveloped oil projects and has been fully appraised, so no further appraisal drilling is needed. The constituent wells have been flow tested at rates of up to 6,000 barrels of oil per day and have produced good quality, light crude oil of between 37° and 32° API.

Parkmead has continued dialogue on commercial terms with the nearby Scott field partnership for the potential tie-back of the GPA project to Scott. Scott lies just 6 miles southeast of GPA and a tie-back could yield a number of mutually beneficial advantages for both the Scott partnership and the Perth owners.

Transportation studies for the base case GPA development concept have previously been completed. These have confirmed there are no technical showstoppers that would prevent the transportation and processing of fluids from the Perth production wells, all the way through the offshore infrastructure and onshore facilities. Parkmead continues to align potential project development concepts with the UK government’s net zero commitment and has therefore initiated a net zero study for GPA. Encouraging industry interest has also been received with regards to the GPA farm out and constructive dialogue continues across all three GPA licences with NSTA.

Parkmead believes that projects like GPA play an important role in underpinning the supply of energy that the UK needs during its transition to net zero. As a fuel that is primarily used for transportation, manufacturing and petrochemicals, oil will continue to feature as a vital commodity in the UK over the coming years. Therefore, it is very important that the UK continues to develop projects such as GPA in order to reduce the UK's reliance on less-regulated, more carbon-intensive imports. Parkmead believes that production of hydrocarbons from GPA can be done in a sustainable fashion, in alignment with the UK Government's most recent targets on carbon emissions.

Russia’s invasion of Ukraine has increased the UK Government’s focus on energy security and confirmed the importance of having sizeable and robust UK domestic energy production. The rise in international oil and gas prices has also strengthened investment appetite through enhanced economics. Parkmead has also seen a positive investment sentiment emanating from the introduction of the new UK Energy Profits Levy, whereby the associated investment allowance of up to 91% has created a powerful incentive for major producers to invest in new UK North Sea developments.

Onshore Renewables

The acquisition of the Kempstone Hill Wind Farm, completed 31 January 2022, has now been fully integrated into the Group. The acquisition was immediately revenue and cash flow enhancing. In the last 12 months the wind farm generated 2,850 MWh with a 99.7% availability, enough to power up to 1,000 homes. Kempstone Hill benefits from an attractive inflation-linked, Feed-in Tariff through until 2036. Wholesale export prices have seen strong gains throughout 2022. As part of Kempstone Hill’s integration into Parkmead, a new Power Purchase Agreement was negotiated, commencing 1 August 2022, which we expect to result in a substantial increase in 2023’s cashflow. Parkmead also has been assessing a number of opportunities to further enhance the Kempstone Hill Wind Farm, such as the potential inclusion of solar power generation, and expanding sales of electricity to local industrial users.

The major shift in the electricity generation market has changed the dynamics of renewable projects and Parkmead has decided to position Pitreadie based on a hybrid of renewable technologies following the completion of successful feasibility studies during the year. To that effect, Parkmead is progressing the work required to allow the Company to consider submitting a full planning application for a combined wind and solar farm, with added potential for a battery storage unit. This complements our existing onshore projects throughout the UK and Netherlands as the Group looks to continue expanding its onshore energy portfolio.

Outlook

Our focus at Parkmead is to continue building a robust and balanced European energy business, driving forward both organic and inorganic growth opportunities. We have delivered significant growth across our portfolio this year, alongside achieving record gas revenue and profit before tax.

The Directors believe that there are excellent prospects to increase production from Parkmead’s Netherlands assets and we will imminently spud a new two-well drilling campaign to begin accessing these opportunities. The current gas price environment provides a strong platform to capitalise on the low cost of production from these concessions.

We maintain a very healthy appetite for transactions which could provide incremental revenue, cash flow and long-term value for shareholders. Our proactive approach to investment in cleaner energies positions Parkmead to continue building a balanced portfolio of assets across the Group.

Parkmead's strict financial discipline has allowed us to remain unhedged for 100% of our gas production, thus gaining maximum exposure to the higher Dutch gas prices. The Company has started the 2023 financial year on a sound footing, with work ongoing across a number of projects which should pave the way for a successful year ahead.

Tom Cross
Executive Chairman
22 November 2022

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Notes:

1. Tim Coxe, Parkmead Group's Managing Director, North Sea, holds a First-Class Master's Degree in Engineering and over 30 years of experience in the oil and gas industry. Tim is accountable for the company's HSE, Subsurface, Drilling, Production Operations and Development Project functions and has approved the technical information contained in this announcement. Reserves and contingent resource estimates have been produced by Parkmead's subsurface team and are stated as of 30 September 2022. Parkmead's evaluation of reserves and resources was prepared in accordance with the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers and reviewed and jointly sponsored by the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Group statement of profit or loss
for the year ended 30 June 2022

Continuing operations	Notes	Jun-22 £'000	Jun-21 £'000
Revenue		**12,129**	3,608
Cost of sales		**(1,370)**	(1,835)
Gross profit		**10,759**	1,773
Exploration and evaluation expenses	4	**(1,116)**	(11,116)
Impairment of goodwill		**(2,174)**	-
Loss on sale of assets		**(31)**	(388)
Administrative expenses	2	**(2,231)**	(3,040)
Operating profit/(loss)		**5,207**	(12,771)
Finance income		**73**	148
Finance costs		**(1,317)**	(819)
Profit/(Loss) before taxation		**3,963**	(13,442)
Taxation		**(4,777)**	(364)
Loss for the period attributable to the equity holders of the Parent		**(814)**	(13,806)
(Loss) per share (pence)			
Basic	3	**(0.75)**	(12.64)
Diluted	3	**(0.75)**	(12.64)
Adjusted EBITDA		**9,085**	(958)
Depreciation		**(726)**	(611)
Amortisation and exploration write-off		**(860)**	(10,855)
Loss on sale of property, plant and equipment		**(31)**	(388)
Impairment of Goodwill		**(2,174)**	-
Provision for share based payments		**(87)**	41
Operating Profit/(Loss)		**5,207**	(12,771)

Group statement of profit or loss and other comprehensive income
for the year ended 30 June 2022

	2022 £'000	2021 £'000
(Loss) for the year	**(814)**	(13,806)
Other comprehensive income		
Income tax relating to components of other comprehensive income	**-**	-
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive (loss) for the year attributable to the equity holders of the Parent	**(814)**	(13,806)

Group statement of financial position
as at 30 June 2022

	2022 £'000	2021 £'000
Non-current assets		
Property, plant and equipment: development & production	**15,843**	14,646
Property, plant and equipment: other	**6,636**	4,654
Goodwill	**1,084**	2,174
Exploration and evaluation assets	**34,346**	29,497
Interest bearing loans	**2,900**	2,900
Deferred tax assets	**187**	-
Total non-current assets	**60,996**	53,871
Current assets		
Trade and other receivables	**2,018**	1,352
Inventory	**42**	66
Cash and cash equivalents	**23,263**	23,378
Total current assets	**25,323**	24,796
Total assets	**86,319**	78,667
Current liabilities		
Trade and other payables	**(22,773)**	(3,490)
Current tax liabilities	**(1,432)**	(241)
Total current liabilities	**(24,205)**	(3,731)
Non-current liabilities		
Trade and other payables	**(1,181)**	(1,011)
Loans	**(948)**	(500)
Deferred tax liabilities	**(1,925)**	(1,339)
Decommissioning provisions	**(1,066)**	(14,365)
Total non-current liabilities	**(5,120)**	(17,215)
Total liabilities	**(29,325)**	(20,946)
Net assets	**56,994**	57,721
Equity attributable to equity holders		
Called up share capital	**19,688**	19,688
Share premium	**88,017**	88,017
Merger reserve	**3,376**	3,376
Retained deficit	**(54,087)**	(53,360)
Total Equity	**56,994**	57,721

Group statement of changes in equity
for the year ended 30 June 2022

	Share capital	Share premium	Merger reserve	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000
At 30 June 2020	**19,678**	**87,805**	**3,376**	**(39,513)**	**71,346**
Loss for the year	-	-	-	(13,806)	(13,806)
Total comprehensive loss for the year	-	-	-	(13,806)	(13,806)
Share capital issued	10	212	-	-	222
Share-based payments	-	-	-	(41)	(41)
At 30 June 2021	**19,688**	**88,017**	**3,376**	**(53,360)**	**57,721**
Loss for the year	-	-	-	(814)	(814)
Total comprehensive loss for the year	-	-	-	(814)	(814)
Share capital issued	-	-	-	-	-
Share-based payments	-	-	-	87	87
At 30 June 2022	**19,688**	**88,017**	**3,376**	**(54,087)**	**56,994**

Group statement of cashflows
for the year ended 30 June 2022

	Notes	**2022 £'000**	2021 £'000
Cashflows from operating activities			
Continuing activities	4	**8,038**	(1,191)
Taxation paid		**(3,508)**	(124)
Net cash generated by/(used in) operating activities		**4,530**	(1,315)
Cash flow from investing activities			
Interest received		**73**	148
Acquisition of exploration and evaluation assets		**(548)**	(369)
Disposal of property, plant and equipment		**874**	4,000
Acquisition of property, plant and equipment: development and production		**(123)**	(165)
Acquisition of property, plant and equipment: other		**(3,114)**	(114)
Decommissioning expenditure		**(1,667)**	(31)
Net cash on acquisition of Kempstone Hill		**360**	-
Net cash generated by/(used in) investing activities		**(4,145)**	3,469
Cash flow from financing activities			
Interest paid		**(45)**	(110)
Lease payments		**(375)**	(421)
Repayment from loans and borrowings		**(542)**	(3,100)
Net cash (used in) financing activities		**(962)**	(3,631)
Net (decrease) in cash and cash equivalents		**(577)**	(1,477)
Cash and cash equivalents at beginning of year		**23,378**	25,708
Effect of foreign exchange rate differences		**462**	(853)
Cash and cash equivalents at end of year		**23,263**	23,378

Notes to the financial information for the year ended 30 June 2022

1. Basis of preparation of the financial information

The financial information set out in this announcement does not comprise the Group and Company's statutory accounts for the years ended 30 June 2022 or 30 June 2021.

The financial information has been extracted from the audited statutory accounts for the years ended 30 June 2022 and 30 June 2021. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 30 June 2021 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2022 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The accounting policies are consistent with those applied in the preparation of the interim results for the period ended 31 December 2021 and the statutory accounts for the year ended 30 June 2021 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom.

2. Administrative expenses

Administrative expenses include a charge in respect of a non-cash revaluation of share appreciation rights (SARs) and share based payments totalling £505,000 (2021: £56,000). The SARs may be settled via shares or cash and are therefore revalued with the movement in share price. The valuation was impacted by the increase in share price between 30 June 2021 and 30 June 2022.

3. Profit / (loss) per share

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

	2022	2021
(Loss) / profit per 1.5p ordinary share from continuing operations (pence)		
Basic	**(0.75)p**	(0.45)p
Diluted	**(0.75)p**	(0.45)p

The calculations were based on the following information:

	2022 £'000	2021 £'000
Loss attributable to ordinary shareholders		
Continuing operations	**(814)**	(13,806)
Total	**(814)**	(13,806)
Weighted average number of shares in issue		
Basic weighted average number of shares	**109,266,931**	109,188,561
Dilutive potential ordinary shares		
Share options	-	-

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

Diluted profit/(loss) per share

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

4. **Notes to the statement of cashflows**

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

	2022	2021
	£'000	£'000
Operating profit / (loss)	**5,207**	(12,771)
Depreciation	**726**	611
Amortisation and exploration write-off	**860**	10,855
Loss on sale of property, plant and equipment	**31**	388
Provision for share based payments	**87**	(41)
Currency translation adjustments	**(462)**	853
Impairment of goodwill	**2,174**	-
Decreases / (increase) in receivables	**(667)**	62
Decrease in stock	**24**	65
Increase/(decrease) in payables	**58**	(1,213)
Net cash flow from operations	**8,038**	(1,191)

5. **Approval of this preliminary announcement**

This announcement was approved by the Board of Directors on 22 November 2022.

6. **Publication of annual report and accounts**

Copies of the Annual Report and Accounts will be made available shortly on the Company's website www.parkmeadgroup.com, along with a copy of this announcement.