



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

# ANNUAL AND CONSOLIDATED REPORT AND ACCOUNTS

YEAR TO 31<sup>ST</sup> DECEMBER 2022



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# PERFORMANCE SUMMARY

▶ KEY METRICS	3 months to 31 <sup>st</sup> Dec 2022	3 months to 31 <sup>st</sup> Dec 2021	Full year 2022	Full year 2021
DKK 1,000				
<b>Income statement</b>				
Revenue	0	0	0	0
Impairment on producing assets	0	0	0	0
Gross loss/profit	0	0	0	0
Exploration expenses	0	0	0	0
Earning before interest, tax, depreciation, amortization and exploration expense (EBITDAX)	-4.028	-511	15.404	8.955
Operating profit/loss (EBIT)	-4.028	-457	15.404	8.955
Depreciations	0	0	0	0
Profit/Loss before taxation (EBT)	-7.206	-1.574	348	3.149
Profit/Loss after taxation	-7.206	-1.574	348	3.149
<b>Financial position</b>				
Non-current assets	36.498	39.192	36.498	39.192
Current assets	16.680	2.268	16.680	2.268
Total assets	53.178	41.460	53.178	41.460
Current liabilities	127.893	88.033	127.893	88.033
Non-current liabilities	23.621	49.600	23.621	49.600
Total liabilities	151.514	137.633	151.514	137.633
Net assets/Equity	-98.336	-96.173	-98.336	-96.173
<b>Cash flow and cash</b>				
Cash provided by operating activities	10.569	-25.787	-148	-3.603
Change in cash and cash equivalents	-72	-1.110	2.766	-2.303
Cash and cash equivalents	65	17	65	17
Bank debt – excluding drawdown	59.438	59.438	59.438	59.438
<b>Share related key figures</b>				
Earnings per share Basic	-1,95	-0,43	0,09	0,85
Earnings per share Diluted	-1,95	-0,43	0,09	0,85
Share price in DKK on OMX CPH and Oslo Stock Exchange	6,96	4,51	6,96	4,51

# CHAIRMAN'S STATEMENT

## *Improved Outlook in 2023*

Following a successful workover performed by the operator production on the UK Orlando field recommenced in Q3 2022.

Production rates for the remainder of 2022 were 4,000 – 5,000 barrels of oil per day.

Atlantic Petroleum receives a 2% revenue share in deferred consideration from the Orlando field production up to the first 5MM barrels of Orlando production. Thereafter the deferred consideration increases to 4.35% of the sales proceeds. The deferred consideration receivable is now valued at DKK 53.0MM.

Recommencement of oil production from the Orlando field was an important milestone for Atlantic Petroleum. The expectation is that the field will produce at stable rates in 2023

A steady source of revenue is a pre-requisite to achieve a solution to the Company debt, which is still the Board's main priority.

The activity level in Atlantic Petroleum has been kept to a minimum in the period without cashflow to limit costs as much as possible. The G&A cost for the year 2022 was DKK 1.6MM.

The oil price has been relatively high in 2022 due to high demand in the market and partly due to unrest caused by the war in Ukraine.

The Company expects to be cash generating in 2023 if operations on the Orlando field proceed as planned. The total debt is expected to decrease in 2023.

There is still uncertainty regarding the Going Concern status of the Group. The ability of the Group to continue as a going concern is dependent on a debt solution on the bank debt and the convertible debt. Although the outcome on a potential debt solution is uncertain, the Board believes that a solution is possible.

For this reason, the accounts have been prepared on a going concern basis.

In the event that the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group's economic interest in the Orlando asset to present the value of these assets on a break up basis.

## **Ben Arabo**

Chairman of the Board

31<sup>st</sup> March 2023

## CHIEF EXECUTIVE OFFICER'S STATEMENT

The year 2022 was another challenging year for Atlantic Petroleum. Further production interruption on the Orlando field led to delay in cash flow from the Field. Cash flow was previously expected to commence early in 2022 but with the development on the Orlando field it did not commence until towards the end of 2022.

During 2022 the Company has continued to reduce overhead costs to create a very low-cost base. General and administration costs in 2022 were DKK 1.6MM which is significantly lower than the general and administration cost in 2021 of DKK 2.0MM.

The main focus is to get a solution on the bank debt from Betri Banki and the convertible debt from London Oil and Gas in Administration.

The Group has prepared financial projections for 2022 to quantify available cash to meet the Group's general and administrative costs, interest costs and working capital commitments. The Group expects to be cash flow positive in 2022.

The Orlando field production initially commenced in March 2019. Production proved significantly lower than the expected. Therefore expected cashflow in 2020 and 2021 did not materialise. Further challenges and production issues delayed production in 2022, however the Orlando field is now producing and the Group is cash generating as of September 2022.

The deferred consideration receivable is now valued at DKK 53.0MM. Further details on the deferred consideration receivable from the sale of Orlando is included in note 19 to the consolidated accounts.

There is uncertainty regarding the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on a debt solution on the bank debt and the convertible debt. Although the outcome on a potential debt solution is uncertain, the Board believes that a solution is possible. For this reason, the accounts have been prepared on a going concern basis.

In the event that the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group's economic interest in the Orlando asset to present the value of these assets on a break up basis.

**Mark T. Højgaard**

CEO

Tórshavn 31<sup>st</sup> March 2023

# 2023 OUTLOOK

Production from the Orlando field is expected to produce stable cash flow in 2023 to further efforts to refinance the Company. A solution on the bank debt and the convertible loan facility from London Oil and Gas in Administration is the main priority in 2023.

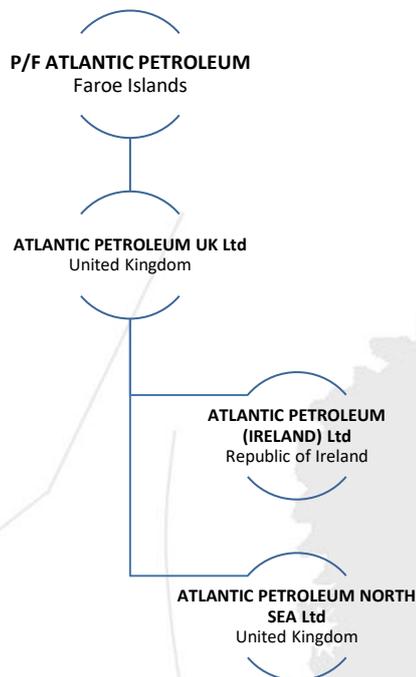
Production albeit lower than initially expected is now generating cash to Atlantic Petroleum. Orlando was expected to deliver around 10,000 bopd when developed, but actual production has been lower. Following a successful workover production recommenced in Q3 2022 and is expected to be stable in 2023.

Pending a debt solution, the Group will be actively pursuing growth through participation in production or near production assets in low political risk countries in the Northern Hemisphere.

# ATLANTIC PETROLEUM GROUP STRUCTURE

The Atlantic Petroleum Group comprises the Faroes based parent company P/F Atlantic Petroleum and its tree 100% owned subsidiaries in UK and Ireland.

P/F Atlantic Petroleum is listed on NASDAQ OMX Copenhagen under the ticker ATLA DKK.



# PROJECT PORTFOLIO

## SECURING REMAINING VALUE

The strategy for 2023 will be to pursue near production or production opportunities in low political risk countries in the Northern Hemisphere.

As of January 1<sup>st</sup> 2023 the status of Group assets is:

Country	License	Field/Discovery/Prospect	Company	Equity	Comments
Ireland	SEL 2/07	Hook Head/Dunmore/Helvick	AP I	18.33%	Comerciality being reassessed

# DEVELOPMENT & PRODUCTION

## PRODUCING ASSETS

The Group does not hold producing assets. The Group received a revenue share of 2% from the UK Orlando field, increasing to 4.35% when gross field production reaches 5MM barrels.

## DEVELOPMENT & NEAR DEVELOPMENT

The Group holds no Development or near Development assets.

# EXPLORATION & APPRAISAL

Atlantic Petroleum has no exploration activity planned for 2022 and does not consider exploration a fiscally acceptable risk for the Group in the near future.

# DIRECTORS' REPORT



## Financial Review

### *Going Concern*

It was announced on the 22nd of March 2019 that LOG has entered into administration (an insolvency term within the United Kingdom) and will not advance further funds under the facility agreement.

The terms of the LOG facility restrict Atlantic Petroleum from seeking alternate funding, however these restrictions have been lifted by LOG's administrators. Subsequently Atlantic Petroleum has secured a bridging loan of DKK 7.5MM which has not been fully drawn.

A full solution on the debt situation has not been achieved, but it remains the priority in 2023.

The Orlando field production commenced in March 2019. Initial production proved significantly lower than the expected 10,000 bopd and were initially around 2,500 bopd. Due to issues with the completion equipment in the Orlando well, production was unstable and was shut in since Q4 2021. A workover was carried out in the third quarter of 2022. Production has since recommenced in Q3 2022. Production rates were as expected 4,000 – 5,000 bopd for the remainder of 2022.

The Board is of the opinion that a resolution on debt is the first step to address the deficiency in shareholders' funds. The Board intends to assess the need for additional equity once the debt situation is clearer, or potentially do so in combination with a debt resolution.

Nevertheless, the Company, its Board and Management are confident that a solution with regards to the facility provided by LOG and a solution on the bank debt can be achieved. This, combined with the expectation of positive cash flow from Orlando in 2023, means that the Board is of the view that the Company can proceed as a going concern business with shareholder value preserved.

The financial projections for 2023 indicate that the Company, dependant on Orlando field performance, does not require additional funding in 2023. However, a solution on the bank debt and the convertible debt is required.

The deferred consideration receivable on the Orlando field is currently valued at DKK 53.0MM.

Reserves are based on the information in Tailwind Energy Chinook Ltd (the operators) annual accounts 2021. Based on this the reserves are estimated to 6.1 MMBbl.

On 20th December 2022 Serica Energy plc (AIM:SQZ) announced it had entered into an agreement to acquire the entire issued share capital of Orlando operator Tailwind Energy Investments Ltd

Further details on the deferred consideration receivable from the sale of Orlando is included in note 14.

There is material uncertainty regarding the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on getting a solution on the debt.

Dialogue with LOG and Betri Banki is ongoing and although the outcome is uncertain, the Directors believe that the matter can be resolved so that the Group will be able to meet its obligations. For this reason, the accounts have been prepared on a going concern basis.

In the event that a debt solution is not forthcoming, and the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group's economic interest in the Orlando asset to present the value of the asset on a break up basis.

**Consolidated Income Statement**

The result after tax for 2022 was a net profit of DKK 0.3MM (2021: profit of DKK 3.1MM).

The Group had a gross profit of DKK 0MM in 2022 (2021: Gross profit of DKK 0MM).

Exploration expenses amounted to DKK 0.0MM in 2022 (2021: DKK 0.0MM).

General and administration costs amounted to DKK 1.6MM in 2022 (2021: DKK 2.0MM).

Profit before taxation was DKK 0.3MM in 2022 (2021: Profit of DKK 3.1MM).

Total shareholders' equity amounted to DKK -98.3MM at the end of 2022 (2021: DKK -96.2MM).

Net cash provided from operating activities amounted to DKK -0.1MM in 2022 (2021: DKK -3.6MM).

Cash and cash equivalents totaled DKK 0.1MM at the end of 2022 (2021: DKK 0.0MM).

**Consolidated Statement of Financial Position**

Total assets at the end of 2022 amounted to DKK 53.2MM (2021: DKK 41.5MM).

**Consolidated Assets**

Exploration and evaluation assets amounted to DKK 0 at the end of 2022 (2021: DKK 0MM).

Development and production assets amounted to DKK 0MM at the end of 2022 (2021: DKK 0MM).

Trade and other receivables were DKK 16.6MM at the end of 2022 (2021: DKK 2.3MM). All trade and other receivables are due within one year except for the Orlando deferred consideration DKK 53.0MM, of which DKK 16.5MM is expected to be due within one year.

Cash and cash equivalents were at DKK 0.1MM at the end of 2022 (2021: DKK 0.0MM).

**Consolidated Liabilities**

Total liabilities amounted to DKK 151.5MM at the end of 2022 (2021: DKK 137.6MM).

Total current liabilities totalled DKK 127.9MM at the end of 2022 (2021: DKK 114.0MM).

Short term bank debt amounted to DKK 59.4MM (2020: DKK 59.4MM). Trade and other payables amounted to DKK 64.8MM (2021: DKK 50.7MM).

Tax payable totalled DKK 3.6MM at the end of 2022 (2021: DKK 3.8MM)

Total non-current liabilities amounted to DKK 23.6MM at the end of 2022 (2021: DKK 23.6MM).

Deferred tax liability totalled DKK 0.0MM at the end of 2022 (2021: DKK 0.0MM)

Non-current liabilities also consist of long term provision for abandonment costs of three wells in Ireland.

**Consolidated Equity**

The total shareholders' equity amounted to DKK -98.3MM at the end of 2022 (2021: DKK -96.2MM).

**Cash Flow**

Net cash provided from operating activities amounted to DKK -0.1MM (2021: DKK -3.6MM).

Capital expenditures in the period were DKK 2.9MM (2021: DKK -3.6MM).

**Net Cash Position**

At the start of 2022, the net cash position, amounted to DKK 0.0MM. At year end 2022 this had increased to a net cash position of DKK 0.1MM

**Significant Events after the Balance Sheet Date**

No significant events after Balance Sheet date

**Risk Management**

Evident from the preceding pages of this year's report, the challenges seen since 2015 have resulted in a stronger basis from which the Group can operate. However, this is clouded by the status of London Oil and Gas and its ability to honour its funding commitments. The Board will pursue an alternative arrangement to fill the future funding requirements alongside projected revenues in order to protect shareholder value.

Atlantic Petroleum is typically exposed to a number of different market and operational risks arising from core business activities. The risks can be internal as well as external in nature.

Market risks also include changes in currency exchange rates and interest rates. The changes can affect the value of the assets, liabilities and future cash flows.

**Foreign currency**

The Group reports in DKK, which means exchange rate exposure related to USD, GBP and EUR. Operational currency risks relate to oil sales, gas sales and operating costs. On the investment side, the Group is also exposed to fluctuations in USD, GBP and EUR exchange rates as the Group's most material investments in oil and gas assets are made in these currencies.

**Credit risk**

Where Atlantic Petroleum has sums deposited in short-term bank accounts in USD, GBP, and DKK there may be a currency and a credit risk attached to such cash balances (bank deposits).

**Operational risk**

Through its core business Atlantic Petroleum may become exposed to operational risk including the possibility that the Group may experience, among other things, a loss in oil and gas production or an offshore catastrophe. The Company works with and will monitor operators and partners to ensure that HSE and asset integrity are given the highest priority. The Group also has an insurance programme in place to cover the potential impact of any catastrophic events.

Atlantic Petroleum has traditionally operated in the, United Kingdom, the Republic of Ireland and the political climate in these countries is perceived as being stable.

**Insurance**

The Group had in place an insurance package covering equipment, subsurface facilities and operation and as and when required, the Group had insurance cover on offshore pollution and third party liability.

In view of the Company having relinquished its last operational license in the UK and as the licenses in Irish waters are not yet subject to appraisal or development the Company has, as a cost reducing level and based on advice, decided to suspend the above elements of its programme.

The Company does however continue to hold coverage that includes business interruption coverage, covering a proportion of the cash flow arising from revenue producing fields.

The Group is confident that its insurance policies cover the overall insurance requirement of the current business and provides insurance cover for the Group's general and standard risk exposure in relation to property damage, personal injury and liability.

## Corporate Social Responsibility

### Corporate Social Responsibility (CSR) Policy

Atlantic Petroleum's culture and operating activities are conducted with a high priority for ethical standards. Being a responsible company in all of our operations is an integral part of Atlantic Petroleum and we continue to implement high ethical and practical standards in all our activities.

Atlantic Petroleum is committed to the review and continuous improvement of corporate social responsibility and environment, health and safety performance. To meet these commitments, we will operate in accordance with the following principles:

- Conduct our business activity in compliance with the law.
- Act openly and honestly in business dealings.
- Comply with best practice in our corporate governance.
- Behave responsibly and with sensitivity to local communities in all areas where we operate.
- Provide sustainable benefits and avoid the creation of a dependency culture.
- Integrate CSR and EHS responsibility throughout our activities.
- Recognise that all parties working on Atlantic Petroleum's behalf can impact our operation and reputation and that we all share a common responsibility.
- Ensure, wherever possible, that our partners' approach to CSR is compliant with our own standards.
- Monitor and review our CSR and EHS policies and procedures as appropriate to ensure suitability and effectiveness.
- Use continuous assessment to ensure our CSR activities meet identified performance objectives.

## Environment, Health and Safety (EHS) Policy

Atlantic Petroleum's activities are undertaken with integrity, responsibility and respect for the environment and the community in which these activities take place. This entails conducting operations in an ethically and practically sound manner that minimises risks and places high priority on the safety of those involved in Atlantic Petroleum's oil and gas operations.

Atlantic Petroleum is committed to:

- Comply with all applicable Environment, Health and Safety (EHS) laws, regulations and standards and to apply responsible standards where legislation is inadequate or does not exist.
- A systematic framework of hazard identification and risk assessment through which safe operations can be managed.
- Develop effective EHS management systems to identify and manage risks associated with its activities by focusing on risk avoidance and prevention.
- Establish accountability and responsibility for EHS within organisational line management.
- Provide training, equipment and facilities necessary to maintain a safe and healthy worksite.
- Practice pollution prevention and seek viable ways to minimize the environmental impact of operations, reduce waste, conserve resources and respect biodiversity.
- Protect and minimise any harm to the environment in our oil and gas activities, and continuously focus on improving our environmental procedures.
- Monitor and review our CSR and EHS policies and procedures as appropriate to ensure suitability and effectiveness.
- Ensure that partners and contractors' policies and activities are compliant with our own standards, and recognise that all working on our behalf can impact our operation and reputation and that we all share a common responsibility for our safety.

## Shareholder Information

Atlantic Petroleum aims to maintain a regular dialogue with the shareholders through the formal channel of stock exchange announcements, interim reports, annual reports, Annual General Meetings and presentations to investors and analysts.

### Group Board

Ben Arabo, Chairman  
Mourits Joensen, Deputy Chairman  
Mark T. Højgaard – Board Member

### Management

Mark T. Højgaard, CEO

At year end 2022 Atlantic Petroleum was listed on NASDAQ OMX Copenhagen. Atlantic Petroleum was delisted from trading on Oslo Stock Exchange in 2021 with the last of trading was 8<sup>th</sup> January 2021.

Trading in Atlantic Petroleum shares can be done by contacting:

- Members of NASDAQ OMX Copenhagen
- A stockbroker or a financial institution

NASDAQ OMX ticker: ATLA DKK  
Bloomberg ticker: ATLA IR  
Reuters ticker: FOATLA.IC

**Financial calendar**

- Friday 28th April: Annual General Meeting.
- Wednesday 31st May: 1st Quarter 2022 Condensed Consolidated Interim Report to be issued.
- Thursday 31st August: 2nd Quarter 2022 Condensed Consolidated Interim Report to be issued.
- Thursday 30th November: 3rd Quarter 2022 Condensed Consolidated Interim Report to be issued.

**Share Price 2022**

P/F Atlantic Petroleum has its main listing on NASDAQ OMX Copenhagen. The year 2022 started with a share price of DKK 4.51. The closing price at year end was DKK 6.96.

Further information about the Group is available on Atlantic Petroleum's website [www.petroleum.fo](http://www.petroleum.fo).

Please address enquiries related to the stock market and investor relations to:

**Atlantic Petroleum**

**Tel.: + 298 591601**

**E-mail: [petroleum@petroleum.fo](mailto:petroleum@petroleum.fo)**

**Auditors**

The consolidated accounts for 2022 have been audited by JANUAR State Authorised Public Accountants P/F. The financial statements of the subsidiary companies for the year ended 31<sup>st</sup> December 2022, Atlantic Petroleum UK and Atlantic Petroleum North Sea were audited by Anderson Anderson & Brown LLP in Aberdeen and Atlantic Petroleum (Ireland), for the year ended 31<sup>st</sup> December 2022, were audited by KPMG in Dublin.

**Results and Dividends**

The Group's result after taxation for the year amounted to a profit of DKK 0.3MM (2021: Profit of DKK 3.1MM). Payment of a dividend is not proposed.

**Shareholders Capital and Vote**

The issued share capital in Atlantic Petroleum is DKK 3,697,860 consisting of 3,697,860 fully paid shares, each with a nominal value of DKK 1.

Each share holds one vote and all shares have the same rights. For more details, please refer to the articles of associations of the Parent Company which can be found on the Company's website [www.petroleum.fo](http://www.petroleum.fo).

**Dematerialisation of paper shares**

In October 2005, Atlantic Petroleum commenced dematerialisation of paper shares. All shares issued before 2004 (paper shares) have been called in for electronic registration. As at 31<sup>st</sup> December 2022, there were paper shares in issue with the nominal value of DKK 6,665. The process to convert the shares into electronic registration is scheduled to continue in 2023.

**Distribution of Share capital**

By year end 2022 Atlantic Petroleum had around 7,000 shareholders representing more than 30 countries. The majority of the share capital was represented by Danish and Faroese investors.

### Substantial Shareholders

At 31<sup>st</sup> December 2022, there were no shareholders listed according to §28 b in the Companies Act:

Any listed shareholder holds interests in excess of 5% of the issued ordinary share capital of the Parent Company.

### Director Profiles

#### Ben Arabo

*Chairman of the Board of P/F Atlantic Petroleum*

Ben Arabo has more than 20 years of experience from the oil and gas industry. He was the CEO of Atlantic Petroleum for 7 years from 2010 – 2017. Before joining Atlantic Petroleum in 2010 he worked for the American independent oil and gas company Hess Corporation for 14 years in various roles and in various locations.

Ben Arabo has a MSc in International Business

#### Number of shares held in Atlantic Petroleum:

Holds directly and indirectly 2,451 shares at year-end 2022 – no change in portfolio in 2022.

#### Mourits Joensen

*Deputy Chairman of P/F Atlantic Petroleum*

Mourits Joensen has more than 15 years of commercial and financial experience from various positions in financial management, banking and statistics. He was the CFO of Atlantic Petroleum 2010 – 2015. Prior to joining Atlantic Petroleum he held the position as Finance and Administration Manager of the Faroese Employment Service Fund.

Mourits Joensen has a MSc in Economics and a MBA in Business.

#### Number of shares held in Atlantic Petroleum:

Holds directly and indirectly 334 share at year-end 2022 – no change in portfolio in 2022.

#### Mark T. Højgaard

*Board Member of P/F Atlantic Petroleum*

Mark T. Højgaard has more than 20 years of experience in auditing and accounting. Mark T. Højgaard is licensed as Certified Public Accountant in the Faroe Islands and serves concurrently as CEO/Partner of Grannskoðarastovan í Runavík Sp/f.

Mark T. Højgaard has a MSc in Business Administration and Auditing.

Mark took up his position as CEO of Atlantic Petroleum on 24th May 2019.

#### Number of shares held in Atlantic Petroleum:

Holds no shares at year-end 2022 – no change in portfolio in 2022.

As a matter of Corporate Governance the independence of the Directors is evaluated yearly.

All of the Board members are independent of the Company.

### Board Meetings

In 2022, the Board of P/F Atlantic Petroleum held 13 board meetings, including tele meetings.

## Management Profiles

### Mark T. Højgaard

*CEO of the Atlantic Petroleum Group*

Mark T. Højgaard has more than 20 years of experience in auditing and accounting. Mark T. Højgaard is licensed as Certified Public Accountant in the Faroe Islands and serves concurrently as CEO/Partner of Granskoðarastovan í Runavík Sp/f.

Mark T. Højgaard has a MSc in Business Administration and Auditing.

Mark took up his position as CEO of Atlantic Petroleum on 24th May 2019.

#### Number of shares held in Atlantic Petroleum:

Holds no shares at year-end 2022 – no change in portfolio in 2022.

## Directors' Interests and Remuneration

Beneficial interests of the Board of Directors holding office at the year-end, related parties and indirect holdings of the Group are set out below:

**There are no Board of Director beneficial interest of holding during the period.**

The Board of Directors do not receive any share related compensation from the Group.

## CEO's Interests and Remuneration

Beneficial interests of the CEO holding office at the year-end, related parties and indirect holdings of the Group are set out below:

**There has been no CEO beneficial interest or holding during the period**

## Stock Exchange Announcements 2022

*Please refer to [www.petroleum.fo](http://www.petroleum.fo) where the announcements to the stock exchanges can be read in full.*

## CORPORATE GOVERNANCE REPORT

As a Faroese registered company listed on NASDAQ OMX Copenhagen, Atlantic Petroleum is obliged to comply with Faroese, Danish, securities law and stock exchange rules. The stock exchange rules require listed companies to take a position on corporate governance recommendations on a “comply or explain” basis. As a dual listed company, Atlantic Petroleum has chosen to base the corporate governance policy on the highest standard and thus follows both the recommendations on NASDAQ OMX Copenhagen, with the exemptions summarised below: Atlantic Petroleum has reviewed and implemented recent changes and recommendations on Corporate Governance.

***A summary of Atlantic Petroleum's non-compliance procedure and recommendations are stated below. Further information is available on the Company's website, [www.petroleum.fo](http://www.petroleum.fo)***

### ***Openness and Transparency***

Information and publication of information:

Because of the Group's international operations, all information is published in English and, where required, Faroese.

### ***Retirement Age***

The Supervisory Board has not found it necessary to lay down a retirement age for the Supervisory Board members. The annual report contains information about the age of the Supervisory Board members.

### ***Election Period***

The members of the Supervisory Board are elected for 1 year at a time. Re-election is allowed. For the time being there is no limit of how often Board members can be re-elected.

### ***REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD:***

Whilst the undernoted Group remuneration policies remain, they were in effect suspended throughout most of 2022 given the market conditions, the challenges facing the Group and the downsizing activities undertaken. The key actions on remuneration in 2022 were, where-ever possible, to freeze management and staff salaries and board fees, make no bonus award nor make any LTIP awards for 2022. Towards the end of 2022 remuneration of Board members was re-instated.

### ***Remuneration Policy***

Remuneration to the members of the Supervisory Board and the Executive Board is on the same level as comparable companies in order to attract, retain and motivate the members of the Supervisory Board.

### ***Remuneration Policy for Senior Executives of Atlantic Petroleum***

#### ***Overall Aim***

The aim of Atlantic Petroleum's (the "Company") Remuneration Policy for senior executives is to provide a reward framework which ensures that key executives are appropriately attracted, retained and motivated and which is fit for purpose in the markets in which the Company operates and where it and its peer groups are listed.

#### ***Remuneration Strategy***

The Company's remuneration strategy is to provide a competitive remuneration package which rewards Directors and employees fairly and responsibly for their contributions and aims to deliver superior remuneration for superior performance.

The total reward package will consist of elements such as Salary, Annual Performance Bonuses, Long Term Incentives and Pension Contributions and Other Benefits.

The guiding principles behind the setting and implementation of this policy are that:

#### ***Balanced***

There should be an appropriate balance between fixed and performance-related elements and the provision of equity over the longer-term and which focuses executives on delivering the business strategy;

#### ***Competitive***

Remuneration packages should be sufficiently competitive taking into account the level of remuneration paid in respect of comparable positions in similar companies within the industry;

***Equitable***

There should be an appropriate level of gearing in the package to ensure that executives receive an appropriate proportion of the value created for shareholders while taking into account pay and conditions throughout the remainder of the Group and where the Company operates and is listed;

***Risk-weighted***

Remuneration should not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. More generally, the overall remuneration policy should not encourage inappropriate operational risk; and

***Aligned***

Executives will be encouraged to build a meaningful holding in the Company to further align their interests with those of shareholders.

The Remuneration Committee will review on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Remuneration Committee will include:

- overall corporate performance;
- market conditions affecting the Company;
- the recruitment market in the Company's sector;
- changing market practice; and
- changing views of institutional shareholders and their representative bodies.

***Base Salary***

One salaried staff was employed

***Annual Performance Bonus***

**No bonuses** were paid for the 2022 Financial Year.

***Long Term Incentive Plans***

**No Longterm Incentive Plans** existed during the 2022 Financial Year

***Share Based Payments***

**No Share Based payments** were made during the 2022 Financial Year

***Additional Benefits***

**No additional benefits** were applied during the 2022 Financial Year.

***Non-Executive Directors Fees***

The Non-Executive Director ("NED") fees will be structured as follows:

- A base fee will be paid for carrying out day to day duties as an NED; and
- Additional fees will be provided for extra responsibilities, for example chairing the Audit, Nominations or Remuneration committees.

Fees should be sufficiently competitive taking into account the level of remuneration paid to Non-Executives in similar companies within the industry.

These policies were implemented in 2012 but are currently not active.

# STATEMENT BY MANAGEMENT ON THE ANNUAL AND CONSOLIDATED REPORT AND ACCOUNTS

The Management and Board of Directors have today considered and approved the Annual and Consolidated Report and Accounts of P/F Atlantic Petroleum for the financial year 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the financial reporting requirements of NASDAQ OMX in Copenhagen, the financial reporting requirements of the Oslo Stock Exchange and additional Faroese disclosure requirements for annual reports of listed companies.

In addition, in our opinion the approved the Annual and Consolidated Report and Accounts of P/F Atlantic Petroleum for the financial year 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 with the file name 213800K4T6SRZ1RQDO38-2022-12-31-en.zip in all material aspects is prepared in accordance with ESEF Regulation.

In our opinion, the accounting policies used are appropriate and the Annual and Consolidated Report and Accounts give a true and fair view of the Group's financial positions at 31<sup>st</sup> December 2021 as well as the results of the Group's activities and cash flows for the financial year 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022.

Tórshavn 31<sup>st</sup> March 2023

**Management:**

Mark T. Højgaard  
CEO

**Board of Directors:**

Ben Arabo  
Chairman

Mourits Joensen  
Deputy Chairman

Mark T. Højgaard  
Director

# INDEPENDENT AUDITOR'S REPORT

## *To the Shareholders of P/F Atlantic Petroleum*

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Atlantic Petroleum P/F for the financial year 1 January to 31 December 2022 which comprise the income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company and cash flow statement for the Group. Collectively referred to as the "Financial Statements".

### **Qualified opinion**

In our opinion, the Annual and Consolidated Financial Statements, except for the possible effects of the matter described in the paragraph "Basis for qualified opinion" give a true and fair view of the Parent Company's and the Group's financial position at 31 December 2022 and of the results of the Parent Company's and the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Business Act.

### **Basis for qualified opinion**

We have been unable to obtain the necessary up to date third party audit evidence to substantiate the estimates made by the management regarding the deferred consideration receivable held at 31 December 2022 which is included in the balance sheet at 50,0 mDKK and relates to the production of the Orlando field. These estimates have been disclosed in note 19 and are based on, and consistent with, information disclosed by the Operator. Atlantic Petroleum is no longer a joint venture partner of the Orlando field and, therefore, management are no longer party to the Operator's recent reports and production models relating to the 2P recoverable reserves and the future production profile.

As we are unable to substantiate the assumptions on which the valuation is based, we are unable to provide an opinion on the deferred consideration receivable on the Orlando field, included in the line item Other Receivables and trade and other receivables, and the possible effects hereof.

We conducted our audit in accordance with International Standards on Auditing (ISA's) and the additional requirements applicable in the Faroe Islands. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

Apart from the for possible effects of the matter described above in our "Basis for qualified opinion", we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Material uncertainty regarding Going Concern**

As the board and management have stated in note 1.1 to the annual accounts, the group's primary source of funding, London Oil and Gas, is in administration.

As described in note 1.1, the group's going concern status is depending on the groups ability to obtain positive cash flow in the near future, of which the contingent receivables from Orlando field are a main factor. As we are unable to substantiate the assumptions regarding the valuation or timing of the future royalty payments and there remains a significant uncertainty in this regard.

Further the Group's Going Concern status is depending on whether the company can successfully renegotiate the company's debts, including a moratorium either alone or in combination with debt relief. The debt negotiations are not concluded, and there is a material uncertainty relation to these negotiations.

Without qualifying our opinion, we emphasise, that these issues give reason for material uncertainty relating to the group's status as a going concern, and should they turn out unsuccessful, the Group may have to halt operations, and further impairments on the company's assets must be expected.

### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements in Denmark and the Faroe Islands. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### **Appointment**

P/F Januar, løggilt grannskoðanarvirki were first appointed auditors of P/F Atlantic Petroleum on 10 May 1998, for the financial year 2004. We have been reappointed by shareholders on AGMs for an annual engagement every year since.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2022. During our audit we identified Going Concern and valuation of future receivables from the Sale of Development Facilities as Key Audit Matters.

Our audit of Sale of Development Facilities, entered to the line item "Other Receivables", led us to qualify our opinion regarding value measurement of the deferred consideration receivable. Further we found it appropriate to provide information regarding material uncertainty relation to the parent company's and the Groups ability to continue as Going Concern.

Hence do not provide information regarding Key Audit Matters and refer to the paragraphs "Basis for qualified opinion" and "Material uncertainty regarding Going Concern" above.

### **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Business Act and for the preparation of Parent Company and Group Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as Management determines 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, Management is responsible for assessing the Parent Company's and the Group'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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in the Faroe Islands 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.

As part of an audit in accordance with ISAs and the additional requirements applicable in the Faroes Islands, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management. Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any kind of assurance opinion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during our audit, or otherwise appears to be materially misstated.

Further it is our responsibility to consider whether the Management's review provides the information required under the international Financial Reporting standards as adopted by the EU.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements, except for the possible effects of our qualification in the paragraph "Basis for qualified opinion" above, and has been prepared in accordance with the requirements of the International Financial Reporting Standards as adopted by the EU.

### **Report on compliance with the ESEF Regulation**

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of P/F Atlantic Petroleum for the financial year 1 January to 31 December 2022 with the filename 213800K4T6SRZ1RQDO38-2022-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a

report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of P/F Atlantic Petroleum for the financial year 1 January to 31 December 2022 with the file name 213800K4T6SRZ1RQDO38-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Tórshavn, 31. March 2023

**Januar P/F**

løggilt grannskoðanarvirki

State authorized Public Accountants

Company reg.no. 5821

**Óli Joensen**

State Authorised Public Accountant

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

For the year ended 31<sup>st</sup> December 2022

DKK 1,000	Note	Full Year 2022	Full year 2021
Revenue	3	0	0
Costs of sales	4	0	0
<b>Gross profit</b>		<b>0</b>	<b>0</b>
Exploration expenses		0	0
Orlando/Pegasus deferred consideration	19	17,051	10,908
Pre-licence exploration cost		0	0
General and administration cost	6,7,8	-1,647	-1,954
Depreciation PPE and intangible assets	10	0	0
Other operating cost/income	9	0	0
<b>Operating profit</b>	<b>3</b>	<b>15,404</b>	<b>8,955</b>
Interest income and finance gains	5	0	-1
Interest expenses and other finance costs		-15,055	-5,805
<b>Profit before taxation</b>		<b>348</b>	<b>3,149</b>
Taxation	11	0	0
<b>Profit after taxation</b>		<b>348</b>	<b>3,149</b>
Earnings per share (DKK):			
Basic		0.09	0.85
Diluted		0.09	0.85

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31<sup>st</sup> December 2022

<b>DKK 1,000</b>	<b>Full Year 2022</b>	<b>Full year 2021</b>
Items that may be recycled in P/L:		
Profit for the period	348	3,149
Exchange rate differences	-2,512	2,035
<b>Total comprehensive Income/loss for the period</b>	<b>-2,163</b>	<b>5,184</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	at 31 <sup>st</sup> Dec	at 31 <sup>st</sup> Dec
		2022	2021
<b>Non-current assets</b>			
Intangible assets	14	0	0
Intangible exploration and evaluation assets	15	0	0
Tangible development and production assets	16	0	0
Property plant and equipment	17	0	0
Other receivables	19	36,498	39,192
Deferred tax asset	25	0	0
		<b>36,498</b>	<b>39,192</b>
<b>Current assets</b>			
Trade and other receivables	19	16,615	2,251
Cash and cash equivalents	24	65	17
		<b>16,680</b>	<b>2,268</b>
<b>Total assets</b>			
		<b>53,178</b>	<b>41,460</b>
<b>Current liabilities</b>			
Short term bank debt	21,24	59,438	59,438
Trade and other payables	20	64,814	50,727
Current tax payable		3,641	3,848
		<b>127,893</b>	<b>114,012</b>
<b>Non-current liabilities</b>			
Long term bank debt	21	0	0
Convertible loan facility		11,936	11,936
Long term provisions	23	11,685	11,685
Deferred tax liability		0	0
		<b>23,621</b>	<b>23,621</b>
<b>Total liabilities</b>			
		<b>151,514</b>	<b>137,633</b>
<b>Net assets</b>			
		<b>-98,336</b>	<b>-96,173</b>
<b>Equity</b>			
Share capital	26	3,698	3,698
Translation reserves		90,016	92,528
Retained earnings		-192,050	-192,399
<b>Total equity shareholders' funds</b>			
		<b>-98,336</b>	<b>-96,173</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31<sup>st</sup> December 2022

DKK 1,000	Share capital	Translation reserves	Retained earnings	Total
<b>At 1<sup>st</sup> January 2021</b>	<b>3,698</b>	<b>90,493</b>	<b>-195,548</b>	<b>-101,357</b>
LTIP awarded in the period, net	0	0	0	0
Translation reserves	0	2,035	0	2,035
Result for the period	0	0	3,149	3,149
<b>At 31<sup>st</sup> Dec. 2021</b>	<b>3,698</b>	<b>92,528</b>	<b>-192,399</b>	<b>-96,173</b>
LTIP awarded in the period, net	0	0	0	0
Translation reserves	0	-2,512	0	-2,512
Result for the period	0	0	348	348
<b>At 31<sup>st</sup> Dec. 2022</b>	<b>3,698</b>	<b>90,016</b>	<b>-192,050</b>	<b>-98,336</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31<sup>st</sup> December 2022

	Full year	Full year
DKK 1,000	2022	2021
<b>Operating activities</b>		
Operating profit/loss	15,404	8,955
Other income	0	0
Impairment on exploration and evaluation assets	0	0
Relinquishment and disposal of licences	0	0
Depreciation, depletion and amortisation	0	0
Impairment on producing licences	0	0
Change in inventories	0	0
Change in trade and other receivables	-11,670	-10,701
Change in trade and other payables	14,088	369
Interest revenue and finance gain received	0	-1
Interest expenses and other finance cost	-17,970	-2,226
Income taxes	0	0
<b>Net cash flow provided by operating activities</b>	<b>-148</b>	<b>-3,603</b>
<b>Investing activities</b>		
Capital expenditure	2,914	-3,579
<b>Net cash used in investing activities</b>	<b>2,914</b>	<b>-3,579</b>
<b>Financing activities</b>		
Change in short term debt	0	2,220
Change in long term debt	0	2,660
<b>Net cash flow provided from financing activities</b>	<b>0</b>	<b>4,880</b>
<b>Change in cash and cash equivalents</b>	<b>2,766</b>	<b>-2,303</b>
Cash and cash equivalents at the beginning of the period	17	14
Currency translation differences	-2,718	2,305
<b>Total cash and cash equivalents at the beginning of the period</b>	<b>-2,701</b>	<b>2,320</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>65</b>	<b>17</b>

# NOTES TO THE CONSOLIDATED ACCOUNTS

## Note 1.1 Going Concern

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It was announced on the 22nd of March 2019 that LOG has entered into administration (an insolvency term within the United Kingdom) and will not advance further funds under the facility agreement.

The terms of the LOG facility restrict Atlantic Petroleum from seeking alternate funding, however these restrictions have been lifted by LOG's administrators. Subsequently Atlantic Petroleum has secured a bridging loan of DKK 7.5MM which has not been fully drawn.

A full solution on the debt situation has not been achieved, but it remains the priority in 2023.

The Orlando field production commenced in March 2019. Initial production proved significantly lower than the expected 10,000 bopd and were initially around 2,500 bopd. Due to issues with the completion equipment in the Orlando well, production was unstable and were shut in since Q4 2021. A workover was carried out in the third quarter of 2022. Production has since recommenced in Q3 2022. Production rates were as expected 4,000 – 5,000 bopd for the remainder of 2022.

The Board is of the opinion that a resolution on debt is the first step to address the deficiency in shareholders' funds. The Board intends to assess the need for additional equity once the debt situation is clearer, or potentially do so in combination with a debt resolution.

Nevertheless, the Company, its Board and Management are confident that a solution with regards to the facility provided by LOG and a solution on the bank debt can be achieved. This, combined with the expectation of positive cash flow from Orlando in 2023, means that the Board is of the view that the Company can proceed as a going concern business with shareholder value preserved.

The financial projections for 2023 indicate that the Company, dependant on Orlando field performance, does not require additional funding in 2023. However, a solution on the bank debt and the convertible debt is required.

The deferred consideration receivable on the Orlando field is currently valued at DKK 53.0MM.

Reserves are based on the information in Tailwind Energy Chinook Ltd (the operators) annual accounts 2021. Based on this the reserves are estimated to 16.5 MMBbl.

On 20th December 2022 Serica Energy plc (AIM:SQZ) announced it had entered into an agreement to acquire the entire issued share capital of Orlando operator Tailwind Energy Investments Ltd

Further details on the deferred consideration receivable from the sale of Orlando is included in note 19.

There is material uncertainty regarding the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on getting a solution on the debt.

Dialogue with LOG and Betri Banki is ongoing and although the outcome is uncertain, the Directors believe that the matter can be resolved so that the Group will be able to meet its obligations. For this reason, the accounts have been prepared on a going concern basis.

In the event that a debt solution is not forthcoming, and the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group's economic interest in the Orlando asset to present the value of the asset on a break up basis.

### Note 1.2 Corporate information

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The consolidated financial statements of the Group, which comprise P/F Atlantic Petroleum, as the parent, and all its subsidiaries, for the year ended 31<sup>st</sup> December 2022 was authorised for issue in accordance with a resolution of the Directors on 31<sup>st</sup> March 2023.

P/F Atlantic Petroleum is a public limited company incorporated and domiciled in the Faroe Islands and listed on the exchange NASDAQ OMX Copenhagen. The principal activities of the Company and its subsidiaries (the Group) are Oil & Gas exploration, appraisal, development and production in the Faroe Islands, United Kingdom, and Ireland. Financial statements for the Group's ultimate parent are presented on the Group's website: [www.petroleum.fo](http://www.petroleum.fo).

#### 2.1 Basis of preparation

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##### **Accounting Convention**

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the Council of the European Union (EU) and the additional Danish disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of NASDAQ OMX Copenhagen for listed companies.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The financial information has been prepared on a historical cost basis and fair value conventions on the basis of the accounting policies set out below. The consolidated financial statements are presented in DKK and all values rounded to the nearest thousand, except where otherwise indicated.

##### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of P/F Atlantic Petroleum and entities controlled by P/F Atlantic Petroleum (its subsidiaries) made up at the end of each accounting period.

Control is achieved where P/F Atlantic Petroleum has the power to control the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The interests in the subsidiaries are eliminated with the Parent Company's proportionate ratio of the fair value of the subsidiaries assets, liabilities and provisions measured at the date of acquisition or establishment of the subsidiary.

### 2.3 Significant accounting judgements, estimates and assumptions

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#### **Estimation uncertainty**

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date.

In the opinion of Atlantic Petroleum's management, the following estimates and associated judgements are material for the financial reporting:

- determination of underground oil and gas reserves. The assessment of reserves is a complex process involving various parameters such as analysis of geological data, commercial aspects, etc., each of which is subject to uncertainty. The assessment is material to the determination of the recoverable amount and depreciation profile for oil and gas assets,
- determination of the recoverable amount and depreciation profile for production assets. Determination of the recoverable amount is based on assumptions concerning future earnings, oil prices, interest rate levels, etc., each of which is subject to uncertainty. The depreciation profile has been determined on the basis of the expected use of the production assets, and is consequently subject to the same risks relating to reserves, future earnings, etc., as apply to the determination of the value of the production assets,
- determination of the deferred consideration receivable. The assessment is based on a production profile based on 2P Reserves (mid-point on Operators 2018 revenue estimate and 2014 Competent Persons Report); and Discount factor of 10% based on current cost of capital to the Atlantic Petroleum Group.
- determination of abandonment obligations. Provisions for abandonment obligations are subject to particular uncertainty as far as concerns the determination of the costs associated with removal of the production assets, and the timing of the removal,
- and assessment of contingent liabilities and assets.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unforeseen events or circumstances may occur. Moreover, the Atlantic Petroleum Group is subject to risks and uncertainties that may cause actual results to differ from these estimates. Special risks for the Atlantic Petroleum Group are described in the section Director's Report under Risk Management.

Assumptions for forward-looking statements and other estimation uncertainties at the balance sheet date that involve a considerable risk of changes that may lead to a material adjustment in the carrying amount of assets or liabilities within the coming financial year are disclosed in the notes.

The Group's intangible exploration and evaluation assets, amounts to DKK 0MM (2021: DKK 0MM) and the Group's development and production assets amounts to DKK 0MM at 31<sup>st</sup> December 2022 (2021: DKK 0MM). The Group's abandonment obligations as of 31<sup>st</sup> December 2022 amounts to DKK 11.7MM (2021: DKK 11.7MM).

### 2.4 Summary of significant accounting policies

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#### **Interest in Joint Ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Acquisitions of oil and gas properties are accounted for under the purchase method where the transaction meets the definition of a business combination. Transactions involving the purchases of an individual field interest, or a group of field interests, that do not qualify as a business combination are treated as asset

purchases, irrespective of whether the specific transactions involved the transfer of the field interests directly or the transfer of an incorporated entity. Accordingly no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets and liabilities purchased on an appropriate basis.

Proceeds on disposal are applied to the carrying amount of the specific exploration and evaluation asset or development and production asset disposed of and any surplus is recorded as a gain on disposal in the income statement.

Investments in joint ventures are recognised by proportionate consolidation at the share of the jointly controlled assets and liabilities, classified by nature, and the share of revenue from the sale of the joint product, along with the share of the expenses incurred by the jointly controlled operation. Liabilities and expenses incurred in respect of the jointly controlled operation are also recognised.

### **Translation of Foreign Currencies**

For each individual entity, which is recognised in the consolidated accounts, a functional currency is determined in which the entity measures its results and financial position. The functional currency is the currency of the primary economic environment in which the entity operates. Transactions in other currencies than the functional currency are transactions in a foreign currency.

A foreign currency transaction is, on initial recognition, recorded in the functional currency, at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction.

At each balance sheet date receivables, payables and other monetary items in foreign currency are translated to the functional currency using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items, at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, shall be recognised in the income statement under financial revenues and expenses.

On consolidation the results and financial position of the Group's individual entities with different functional currencies than the Group's presentation currency (DKK) are translated into the Group's presentation currency using the following procedure:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet.
- Income and expenses are translated at exchange rates at the dates of the transactions.

All resulting exchange differences are recognised directly in equity as a separate component of equity.

For practical reasons an average rate for the period that approximates the exchange rates at the dates of the transactions is used.

### **Income Statement**

#### **Revenue**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, sales taxes, excise duties and similar levies. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Sale of hydrocarbons is recognised when transfer of risk to the buyer has taken place. Sale of hydrocarbons is measured at fair value and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

### **Cost of Sales**

Cost of sales comprises cost directly related to the operation of oilfields, cost of goods sold, depreciations, lease payments and other costs related to the operation of producing oil fields. Rentals payable for assets under operating leases are charged to the income statement on a straight-line basis over the lease term. Impairment of development and production assets is also recognised here.

### **Pre-licence Exploration Cost**

Pre-licence exploration expenses comprise cost incurred prior to having obtained the legal rights to explore an area and other general exploration costs which are not specifically directed to a licence and economic use is of less than a year.

### **Exploration Expenses**

Exploration expenses comprise the cost of the impairment of exploration and evaluation assets and relinquishment cost.

### **General and Administration Cost**

Administrative expenses comprise employment costs to the management and administration, staff, depreciations and other costs related to the general administration of the Group.

### **Financial Income and Expenses**

Financial income and expenses comprise interests, currency differences, dividend income from investments and amortisation of financial assets and liabilities.

## **Taxation**

### **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off corporation tax assets against corporation tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### Statement of Financial Position

#### Intangible Assets

##### *Intangible Assets*

Items of intangible assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement under General and Administration costs item on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Office equipment            3 – 10 years

Scrap value            0%

The residual value is reassessed annually.

#### Exploration and Evaluation Assets

The Group applies the successful efforts method of accounting for Exploration and Evaluation (E&E) costs, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources.

Under the successful efforts method of accounting all licence acquisition, exploration and appraisal costs are initially capitalised at cost in well, field or specific exploration cost centres as appropriate, pending determination. Expenditure, incurred during the various exploration and appraisal phases, is then written off unless commercial reserves have been established or the determination process has not been completed.

The amounts capitalised include payments to acquire the legal right to explore, licence fees, cost of technical services and studies, seismic acquisition, exploratory drilling and testing and other directly attributable cost.

Finance costs that are directly attributable to E&E assets are capitalised in accordance with IAS 23. In the Parent Company these costs are expensed to the Income Statement.

Cost incurred prior to having obtained the legal rights to explore an area (pre-licence cost) are expensed directly to the income statement under Pre-licence exploration cost as they have incurred.

E&E assets are not amortised prior to the conclusion of appraisal activities.

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. Every year or if there otherwise are indications of impairment the assets will be tested for impairment. Where, in the opinion of the Directors, there is impairment, E&E assets are written down accordingly, through the Income Statement under Exploration Expenses.

If commercial reserves have been discovered and a field development plan has been approved by the authorities, the carrying value of the relevant E&E asset is reclassified as a tangible asset, development and production asset. Before the reclassification the asset will be tested for indications of impairment. If however, commercial reserves have not been found, the capitalised cost are charged to the profit and loss account under Exploration Expenses after conclusion of appraisal activities.

## **Tangible Assets**

### **Development and Production Assets**

Development and production assets are accumulated generally on a field by field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in the accounting policy for E&E assets above.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning. In the Parent Company finance costs are expensed to the profit and loss account.

The net book values of producing assets are depreciated generally on a field-by-field basis using the unit-of-production (UOP) method by reference to the ratio of production in the period and the related commercial reserves of the field.

An impairment test is performed once a year or whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount.

The carrying value is compared against the expected recoverable amount of the asset, generally by reference to the present value of the future net cash flows, derived from expected production of commercial reserves.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement under the relevant item. The cash-generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single cash-generating unit where the cash flows of each field are interdependent. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The depreciation and impairment are charged to the Income Statement under Cost of sales.

### **Decommissioning**

Provision for decommissioning is recognised in full when the liability occurs. The amount recognised is the present value of the estimated future expenditure. A corresponding tangible fixed asset is also created at an amount equal to the provision. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

### **Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement under General and Administration costs item on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Operating assets and office equipment 3 – 10 years.

Scrap value 0%

The residual value is reassessed annually.

### **Financial Instruments**

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

### **Trade and Other Receivables**

Trade and other receivables are recognised at amortised costs and are reduced by appropriate allowances for estimated irrecoverable amounts.

### **Bank Deposits (Cash and Cash-Equivalents)**

Cash and cash equivalent includes cash in hand and deposits held at call with banks with maturity dates of less than three months.

### **Equity, Translation Reserve**

The translation reserve comprises foreign exchange rate adjustments arising on translation of the financial statements of foreign entities with a functional currency that is different from the presentation currency (DKK) of Atlantic Petroleum Group.

### **Bank Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### **Other Payables**

Other payables are stated at their nominal value.

### **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Included in the item Provisions is provision for decommissioning costs.

### **Segment Reporting**

In the opinion of the directors the operations of the Group comprise one class of business, the production and sale of hydrocarbons. Its primary segment reporting will be by geographical region.

### **Cash Flow Statement**

The cash flow statement is prepared according to the indirect method and presents cash flow from operations, investments and financing activities.

### **Cash Flow from Operating Activities**

Cash flows from operating activities are presented using the indirect method, whereby the net profit or loss for the period is adjusted for the effects of non-cash transactions, accruals, tax-payments and items of income or expense associated with investing or financing cash flows.

### **Cash Flow from Investment Activities**

Cash flows from investment activities comprises cash flows in conjunction with buying and selling entities and activities, buying and selling intangible, tangible and other non-current assets and buying and selling securities which are not recognised as cash and cash equivalents.

**Cash Flow from Financing Activities**

Cash flows from financing activities comprise the raising of new share capital and loans, amortisation on loans and payment of dividends.

## 3 Geographical segmental analysis

	Full year	Full year
DKK 1,000	2022	2021
<b>Revenues by origin:</b>		
United Kingdom	0	0
	<b>0</b>	<b>0</b>
<b>Operating loss/profit by origin:</b>		
Faroe Islands	-1,445	-1,469
United Kingdom	16,863	10,702
Norway	0	0
Other	-13	-279
	<b>15,404</b>	<b>8,955</b>

## 4 Cost of sales

	Full year	Full year
DKK 1,000	2022	2021
Operating costs	0	0
Produced oil in inventory at market value	0	0
<b>Amortisation and depreciation, PPE:</b>		
Oil and gas properties	0	0
Impairment	0	0
	<b>0</b>	<b>0</b>

## 5 Interest income &amp; expense and finance gain &amp; cost

	Full year	Full year
DKK 1,000	2022	2021
<b>Interest income and finance gain:</b>		
Short term deposits	0	-1
Time Value	0	0
Unwinding of discount on decommissioning provision	0	0
Exchange differences	0	0
	<b>0</b>	<b>-1</b>
<b>Interest expense and other finance cost:</b>		
Bank loan and overdrafts	11	2,225
Creditors	17,955	0
Time Value	0	0
Unwinding of discount on decommissioning provision	0	0
Others	3	0
Exchange differences	-2,914	3,579
	<b>15,055</b>	<b>5,805</b>

## 6 Auditors' remuneration

<b>DKK 1,000</b>	<b>Full year 2022</b>	<b>Full year 2021</b>
<b>Audit services:</b>		
Statutory and Group audit, parent company auditor	125	145
Review of interim Financial Statements	0	0
Audit subsidiaries	175	173
	<b>300</b>	<b>318</b>
<b>Tax services:</b>		
Consulting and advisory services	-110	0
	<b>-110</b>	<b>0</b>

7 Employee cost

<b>DKK 1,000</b>	<b>Full year 2022</b>	<b>Full year 2021</b>
Staff costs, including executive directors:		
Wages and salaries		
Board of directors	18	0
Managing Director – CEO***	25	0
Administration, technical staff and other employees		
	<b>43</b>	<b>0</b>
Share based payment – LTIP accounting charge****:		
Managing Director – CEO	0	0
Administration, technical staff and other employees	0	0
	<b>0</b>	<b>0</b>
Pension costs:		
Managing Director – CEO	2	0
Board of directors	1	0
Administration, technical staff and other employees	0	0
	<b>3</b>	<b>0</b>
Social security costs	2	5
Other staff costs	0	0
	<b>2</b>	<b>5</b>
<b>Total employee costs</b>	<b>48</b>	<b>5</b>
	<b>2022</b>	<b>2021</b>
Average number of employees during the year:		
Technical and operations	0	0
Management and administration	1	1
	<b>1</b>	<b>1</b>

There remains one full time employee of Atlantic Petroleum.

\* The Board of Directors' remuneration by person and the CEO's remuneration is disclosed in the Director's Report - Directors' Interests and Remuneration.

\*\* Staff numbers include Managers.

\*\*\* The notice of termination for the CEO is one month.

\*\*\*\* See also note Share based payments below.

8 Share based payments

	Full year 2022	Full year 2021
<b>Number of options</b>		
<b>1<sup>st</sup> January</b>	0	0
Lapsed during the period	0	0
Expired during the period	0	0
<b>At 31<sup>st</sup> December</b>	<b>0</b>	<b>0</b>
<b>Weighted average exercise price DKK</b>		
<b>1<sup>st</sup> January</b>	0	0
Lapsed during the period	0	0
Expired during the period	0	0
<b>At 31<sup>st</sup> December</b>	<b>0</b>	<b>0</b>

9 Other operating cost/income

	Full year 2022	Full year 2021
<b>DKK 1,000</b>		
Other operating income related to sales of licenses	0	0
Other operating income related to sales of activity	0	0
	<b>0</b>	<b>0</b>

10 Depreciation

	Full year 2022	Full year 2021
<b>DKK 1,000</b>		
Depreciations included in general and administration costs	0	0
	<b>0</b>	<b>0</b>

## 11 Tax

	Full year	Full year
DKK 1,000	2022	2021
<b>Current tax :</b>		
Tax repayable/(payable) in UK	0	0
Tax repayable/(payable) in NO	0	0
Tax repayable/(payable)	0	0
<b>Total current tax</b>	<b>0</b>	<b>0</b>
<b>Deferred tax:</b>		
Deferred tax cost in UK	0	0
Deferred tax	0	0
<b>Total deferred tax</b>	<b>0</b>	<b>0</b>
<b>Tax credit/tax on loss/profit on ordinary activities</b>	<b>0</b>	<b>0</b>

## 12 Dividend

No dividend is proposed. (2021: DKK Nil)

## 13 Earnings per share

The calculation of basic earnings per share is based on the profit after tax and on the weighted average number of Ordinary Shares in issue during the year.

Basic and diluted earnings per share are calculated as follows:

	Full year	Full year
DKK 1,000	2022	2021
<b>Basic</b>		
Profit/loss after tax	348	3,149
Weighted average number of shares	3,697,863	3,697,863
<b>Earnings per share</b>	<b>0.09</b>	<b>851.57</b>
<b>Diluted</b>		
Profit/loss after tax	348	3,149
Weighted average number of shares	3,697,863	3,697,863
<b>Earnings per share</b>	<b>0.09</b>	<b>0.85</b>

## 14 Intangible assets

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	12,260	12,260
Exchange movements	0	0
Additions/Adjustments	0	0
<b>At end of period</b>	<b>12,260</b>	<b>12,260</b>
<b>Amortisation and depreciation</b>		
At 1 <sup>st</sup> January	12,260	12,260
Exchange movements	0	0
Charge this period	0	0
<b>At end of period</b>	<b>12,260</b>	<b>12,260</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>

## 15 Oil and gas – Intangible exploration and evaluation assets

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	0	0
Exchange movements	0	0
Additions	0	0
Disposal/relinquishment of licences	0	0
Explorations expenditures written off/sold	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>

The amounts for intangible E&E assets represent the active exploration projects. These amounts will be written off to the income statement as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

## 16 Oil and gas – Tangible development and production assets

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	0	0
Exchange movements	0	0
Disposal/Additions	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>
<b>Amortisation and depreciation</b>		
At 1 <sup>st</sup> January	0	0
Exchange movements	0	0
Depreciation, charge	0	0
Impairment, charge	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>

Depreciation and amortisation for oil and gas properties is calculated on a unit-of-production basis, using the ratio of oil and gas production in the period to the estimated quantities of proved and probable reserves at the end of the period plus production in the period, on a field-by-field basis. Proved and probable reserve estimates are based on a number of techniques to generate its estimates and regularly references its estimates against those of joint venture partners or external consultants. However, the amount of reserves that will ultimately be recovered from any field cannot be known with certainty until the end of the field's life.

## 17 Property, plant and equipment assets

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	0	0
Exchange movements	0	0
Additions	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>
<b>Amortisation and depreciation</b>		
At 1 <sup>st</sup> January	0	0
Exchange movements	0	0
Charge this period	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>

18 Investments and associates

Principal subsidiary undertakings of the Parent Company, all of which are 100 percent owned, are as follow:

Name of Company	Business and area of operation	Country of registration
Atlantic Petroleum UK Limited	Exploration, developmend and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, developmend and production, Ireland	Republic of Ireland
Atlantic Petroleum North Sea Limited*	Exploration, developmend and production, UK	England and Wales

19 Trade and other receivables

	At 31 <sup>st</sup> Dec 2022	At 31 <sup>st</sup> Dec 2021
<b>DKK 1,000</b>		
<b>Non-Current</b>		
Other receivables	36,498	39,192
	36,498	39,192
<b>Current</b>		
Trade receivables	-92	-97
Prepayments and accrued income	0	0
Other taxes and VAT receivable	169	166
Other receivables	16,537	2,182
	16,615	2,251
<b>Net receivables</b>	<b>53,113</b>	<b>41,443</b>

All trade and other receivables are due within one year except for the Orlando deferred consideration DKK 53,0MM, of which 16.5MM is expected to be due within one year

The carrying values of the trade and other receivables are equal to their fair value as at the balance sheet date.

Orlando deferred consideration

Under the Sale and Purchase Agreement regarding Orlando, APNS is due to receive deferred considerations equalling 2% of the sale proceeds from the first 5,000,000 barrels of Orlando petroleum and an amount equalling 4.35% of the Orlando petroleum in excess of the first 5,000,000 barrels.

The deferred consideration receivable on the Orlando field is currently valued at DKK 53.0MM.

Reserves are based on the information in the operators' latest annual accounts.

Based on this the reserves are estimated to 6.1 MMBbl.

Production rates are based on a 21% decline profile with initial production at 10,000 bopd, however as a result of issues with the upper completion, peak rates have been restricted to around 5,000 bopd. A workover has been carried out in the third quarter of 2022. Production has recommenced in Q3 2022. Production rates are expected to be 4,000 – 5,000 bopd for the remiainder of the year.

The valuation is therefore based on a production of 4,000 bopd until the total production equals the total production by the original profile when declined to 4,000 bopd.

Oil price is based on Brent crude futures.

Exchange rates are based on exchange rates at 31<sup>st</sup> December 2022.

20 Trade and other payables

DKK 1,000	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
	2022	2021
Trade payables*	57,797	41,777
Accrued expenses	205	206
Other payables	6,812	8,744
	64,814	50,727

All trade and other payables are due within one year.

The carrying values of the trade and other payables are equal to their fair value as at the balance sheet date.

\* Other payables 2022 consist of a liability regarding the settlement Etrick & Blackbird, the liability is DKK 6.8MM (GBP 0,81MM). London Oil & Gas Limited has provided a guarantee in the sum of GBP 1,15MM in favour of the beneficiaries.

21 Cash, short and long term debt

DKK 1,000	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
	2022	2021
<b>Cash:</b>		
Cash at bank and in hand	65	17
Total cash	65	17
<b>Short term debt:</b>		
Short term bank loans	59.438	59.438
Total short term borrowings	59.438	59.438
<b>Long term debt:</b>		
Long term bank loans	0	0
Total long term borrowings	0	0

The borrowings are repayable as follows:

DKK 1,000	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
	2022	2021
Bank loans analysed by maturity		
Within one year	59.438	59.438
In one to five years	0	0
	59.438	59.438

At year end 2022 the total short- and long-term loans amounted to DKK 59.4MM (2021: DKK 59.4MM).

22 Obligations under leases

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There are no remaining production installation leases that Atlantic Petroleum is a party to.

## 23 Provisions for long-term liabilities and charges

DKK 1,000	At 31 <sup>st</sup> Dec 2022	At 31 <sup>st</sup> Dec 2021
<b>Decommissioning costs:</b>		
At 1 <sup>st</sup> January	11,685	11,690
Exchange movements	0	-539
Reversal E&B	0	0
Reversal APIR 2017	0	0
Addition of future decommissioning costs during the year	0	535
<b>At 31<sup>st</sup> December</b>	<b>11,685</b>	<b>11,685</b>
<b>Total provision</b>	<b>11,685</b>	<b>11,685</b>

The decommissioning provision represents the present value of decommissioning costs relating to the oil and gas interests, which are expected to be incurred between 2022 and 2031. These provisions have been created based on operators' estimates. Based on the current economic environment, assumptions have been made which the management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

## 24 Financial instruments

The Group's activities expose it to financial risks of changes, primarily in oil and gas prices, but also foreign currency exchange and interest rates.

## Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 31st December was:

DKK 1,000	At 31 <sup>st</sup> Dec 2022	At 31 <sup>st</sup> Dec 2021
<b>Floating rate</b>		
DKK	59,438	59,438
NOK	0	0
<b>Total</b>	<b>59,438</b>	<b>59,438</b>

The floating rate comprises bank borrowings bearing interest at rates set by reference to DKK CIBOR exposing the Group to a cash flow interest rate risk.

## Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the Group as at 31st December was:

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
DKK 1,000	2022	2021
<b>Floating rate</b>		
Held in DKK	62	14
Held in GBP	0	0
Held in USD	3	3
Held in EUR	0	0
Held in NOK	0	0
<b>Total</b>	<b>65</b>	<b>17</b>

The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.

The fair values of the financial assets and financial liabilities are:

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
DKK 1,000	2022	2021
<b>Carrying amount</b>		
Cash and short-term deposits	65	17
Bank loans and credit facility	-59,438	-59,438
Long-term bank loan	0	0
<b>Fair value</b>		
Cash and short-term deposits	65	17
Bank loans and credit facility	-59,438	-59,438
Long-term bank loan	0	0

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are indicative and will not necessarily be realised. Non-interest bearing financial instruments, accounts receivable from customers, and accounts payable are recorded materially at fair value reflecting their short-term maturity and are not shown in the above table.

#### Currency risk

No currency exposures were hedged during the year and thus there is a currency risk. Please see risk management section for currency risk exposures.

## 25 Deferred tax

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
Deferred tax assets	0	0
	<b>0</b>	<b>0</b>
<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
Deferred tax liability	0	0
	<b>0</b>	<b>0</b>

The Group has DKK 210.1MM of tax credits and allowances in its UK companies however in the absence of certainty over the availability of future taxable profits the value of these has been discounted to zero.

## 26 Share capital

	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
Balance at 1 <sup>st</sup> January	3,698	3,698
Shares issued		
Balance at 31 <sup>st</sup> December	3,698	3,698

<b>Ordinary Shares</b>	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
	<b>2022</b>	<b>2021</b>
DKK shares		
Authorised	8,626,703	8,626,703
Called up, issued and fully paid	3,697,860	3,697,860
DKK 1,000		
Authorised	8,627	8,627
Called up, issued and fully paid	3,698	3,698

## 27 Analysis of changes in net debt/cash

DKK 1,000	At 31 <sup>st</sup> Dec	At 31 <sup>st</sup> Dec
	2022	2021
<b>a) Reconciliation of net cash flow to movement in net debt/cash:</b>		
Movement in cash and cash equivalents	48	17
Proceeds from long-term loans	0	0
Proceeds from short-term loans	0	0
<b>Increase/decrease in net cash in the period</b>	<b>48</b>	<b>17</b>
Opening net cash	-71.357	-71.375
<b>Closing net cash/debt</b>	<b>-71.309</b>	<b>-71.357</b>
<b>b) Analysis of net cash/debt:</b>		
Cash and cash equivalents	65	17
Short-term debt	-59.438	-59.438
Long-term debt	-11.936	-11.936
<b>Total net cash/debt</b>	<b>-71.309</b>	<b>-71.357</b>

## 28 Capital commitments and guarantees

P/F Atlantic Petroleum has provided a parent guarantee to the UK Department for Energy and Climate Change in connection with Atlantic Petroleum UK Limited assets in the UKCS:

- (i) the parent will always provide necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area
- (ii) the parent will not alter Atlantic Petroleum UK Limited legal rights, so that the Company cannot fulfil its obligations
- (iii) the parent will undertake Atlantic Petroleum UK Limited financial obligations if the Company fails to do so

P/F Atlantic Petroleum has a senior secured loan agreement with P/F Betri Banki. The Company has offered the following security to lender in connection with the loan agreement:

- (i) shares in Atlantic Petroleum UK Limited and Atlantic Petroleum North Sea Limited
- (ii) receivables from Atlantic Petroleum UK Limited
- (iii) charge over proceeds from insurance coverage

The Company has provided lender with a negative pledge and investment in new ventures shall be endorsed by the lender.

Atlantic Petroleum UK Limited had a loan facility at year end 2022 with the following bank: P/F Betri of DKK 56.8MM. P/F Atlantic Petroleum has provided a parent guarantee for this loan facility.

The Company has provided lender with a negative pledge and investment in new ventures shall be endorsed by the lender.

### 29 Contingent considerations

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Under the Sale and Purchase Agreement regarding Orlando, APNS is due to receive deferred considerations equalling 2% of the sale proceeds from the first 5,000,000 barrels of Orlando petroleum and an amount equalling 4.35% of the Orlando petroleum in excess of the first 5,000,000 barrels.

### 30 Related party disclosures

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Intra-group related party transactions, which are eliminated on consolidation, are not required to be disclosed in accordance with IAS 24.

Atlantic Petroleum has a key management personnel service agreement with Grannnskoðarastovan Sp/f for at monthly fee of DKK 30.000. Outstanding balance at 31<sup>st</sup> December 2022 is DKK 1.35MM

# PARENT COMPANY INCOME STATEMENT

For the year ended 31<sup>st</sup> December 2022

DKK 1,000	Note	2022	2021
Revenue		0	0
Costs of sales		0	0
<b>Gross profit/loss</b>		<b>0</b>	<b>0</b>
Exploration expenses		0	0
Pre-licence exploration cost		0	0
General and administration cost	2.3	-1,445	-1,469
Depreciation PPE and intangible assets	6	0	0
Other operating cost/income	5	0	0
<b>Operating loss</b>		<b>-1,445</b>	<b>-1,469</b>
Interest income and finance gains	7	-1,560	1,624
Interest expenses and other finance costs	7	-15,659	-3,114
<b>Loss before taxation</b>		<b>-18,665</b>	<b>-2,959</b>
Taxation		0	0
<b>Profit/Loss after taxation</b>		<b>-18,665</b>	<b>-2,959</b>
<b>Distribution of profit:</b>			
Retained earnings		-18,665	-2,959
<b>Distribution in total</b>		<b>-18,665</b>	<b>-2,959</b>

# PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31<sup>st</sup> December 2022

<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
Items that may be recycled in P/L:		
Profit/loss for the period	-18,665	-2,959
<b>Total comprehensive Income/loss in the period</b>	<b>-18,665</b>	<b>-2,959</b>

# PARENT COMPANY FINANCIAL POSITION

31<sup>st</sup> December 2022

DKK 1,000	Note	At 31 <sup>st</sup> Dec 2021	At 31st Dec 2021
<b>Non-current assets</b>			
Intangible assets	10	0	0
Property plant and equipment	11	0	0
Investment in subsidiary	9	20.101	20.101
		<b>20.101</b>	<b>20.101</b>
<b>Current assets</b>			
Trade and other receivables	12	19	42
Reveivables from subsidiary	12	5.621	7.206
Cash and cash equivalents	24	65	17
		<b>5.705</b>	<b>7.265</b>
<b>Total assets</b>		<b>25.805</b>	<b>27.365</b>
<b>Current liabilities</b>			
Exploration finance facility		0	0
Short term bank debt	21	2.617	2.617
Trade and other payables	13	52.354	35.603
Current tax payable		0	0
		<b>54.971</b>	<b>38.220</b>
<b>Non-current liabilities</b>			
Long term debt – intercompany		106.373	106.019
Long term bank debt		0	0
Convertible loan facility		11.936	11.936
		<b>118.308</b>	<b>117.955</b>
<b>Total liabilities</b>		<b>173.279</b>	<b>156.174</b>
<b>Net assets</b>		<b>-147.474</b>	<b>-128.809</b>
<b>Equity</b>			
Share capital		3.698	3.698
Share based bonus schemes – LTIP	4		
Retained earnings		-151.172	-132.507
<b>Total equity shareholders' funds</b>		<b>-147.474</b>	<b>-128.809</b>

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31<sup>st</sup> December 2022

DKK 1,000	Share capital	Retained earnings	Total
<b>At 1st January 2021</b>	<b>3,698</b>	<b>-129,549</b>	<b>-125,851</b>
Result for the period	0	-2,958	-2,958
<b>At 31st Dec. 2021</b>	<b>3,698</b>	<b>-132,507</b>	<b>-128,809</b>
Result for the period	0	-18,665	-18,665
<b>At 31<sup>st</sup> Dec. 2022</b>	<b>3,698</b>	<b>-151,172</b>	<b>-147,474</b>

# PARENT COMPANY CASH FLOW STATEMENT

For the year ended 31<sup>st</sup> December 2022

DKK 1,000	2022	2021
<b>Operating activities</b>		
Operating loss	-1.445	-1.469
Depreciation, depletion and amortisation	0	0
Change in trade and other receivables	23	1
Change in trade and other payables	16.751	26.615
Interest revenue and finance gain received	-1.560	1.624
Interest expenses and other finance cost	-15.659	-3.114
Income taxes	0	0
<b>Net cash flow provided by operating activities</b>	<b>-1.891</b>	<b>23.657</b>
<b>Investing activities</b>		
Capital expenditure	0	0
<b>Net cash used in investing activities</b>	<b>0</b>	<b>0</b>
<b>Financing activities</b>		
Change in intercompany accounts	1.938	-441
Change in short term debt	0	102
Change in long term debt	0	-23.315
<b>Net cash flow provided from financing activities</b>	<b>1.938</b>	<b>-23.654</b>
<b>Change in cash and cash equivalents</b>	<b>48</b>	<b>3</b>
Cash and cash equivalents at the beginning of the period	17	14
<b>Cash and cash equivalents at the end of the period</b>	<b>65</b>	<b>17</b>

# PARENT COMPANY NOTES TO THE ACCOUNTS

## 1 Corporate information

The financial statements for the Company P/F Atlantic Petroleum for the year ended 31<sup>st</sup> December 2022, according to the requirement in the Faroese Company Accounts Act, were authorised for issue in accordance with a resolution of the directors on 31<sup>st</sup> March 2023.

P/F Atlantic Petroleum is a public limited company incorporated and domiciled in the Faroe Islands and listed on the exchange NASDAQ OMX Copenhagen. The Company was delisted from Oslo Stock Exchange with the last day of listing was 8. January 2021. The principal activities of the Company are Oil & Gas exploration, and appraisal in the Faroe Islands.

## 2 Auditors' remuneration

DKK 1,000	2022	2021
<b>Audit services:</b>		
Statutory and Group audit, parent company auditor	125	145
Review of interim Financial Statements	0	0
	<b>125</b>	<b>145</b>

## 3 Employee cost

<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
Staff costs, including executive directors:		
Wages and salaries		
Board of directors	18	0
Managing Director – CEO***	25	0
Administration, technical staff and other employees		
	<b>43</b>	<b>0</b>
Share based payment – LTIP accounting charge****:		
Managing Director – CEO	0	0
Administration, technical staff and other employees	0	0
	<b>0</b>	<b>0</b>
Pension costs:		
Managing Director – CEO	0	0
Board of Directors		
Administration, technical staff and other employees	0	0
	<b>0</b>	<b>0</b>
Social security costs	2	5
Other staff costs	0	0
	<b>2</b>	<b>5</b>
<b>Total employee costs</b>	<b>44</b>	<b>5</b>
	<b>2022</b>	<b>2021</b>
Average number of employees during the year:		
Technical and operations	0	0
Management and administration	1	1
	<b>1</b>	<b>1</b>

\* The Board of Directors' remuneration by person and the CEO's remuneration is disclosed in the Director's Report - Directors' Interests and Remuneration and in Management's Interests and Remuneration.

\*\* Staff numbers include Managers.

\*\*\* See also note Share based payments below.

The notice of termination for the CEO is one month.

## 4 Share based payments

	2022	2021
<b>Number of options</b>		
<b>1<sup>st</sup> January</b>	0	0
Lapsed during the period	0	0
Expired during the period	0	0
<b>At 31<sup>st</sup> December</b>	<b>0</b>	<b>0</b>
<b>Weighted average exercise price DKK</b>		
<b>1<sup>st</sup> January</b>	0	0
Lapsed during the period	0	0
Expired during the period	0	0
<b>At 31<sup>st</sup> December</b>	<b>0</b>	<b>0</b>

## 5 Other operating income

DKK 1,000	2022	2021
Service rendering to subsidiaries	0	0
	<b>0</b>	<b>0</b>

## 6 Depreciation

DKK 1,000	2022	2021
Depreciations included in general and administration costs	0	0
	<b>0</b>	<b>0</b>

## 7 Interest revenue and expenses &amp; finance gain and cost

DKK 1,000	2022	2021
<b>Interest income and finance gain:</b>		
Short term deposits	0	0
Exchange differences	-1,560	1,624
	<b>-1,560</b>	<b>1,624</b>
<b>Interest expense and other finance cost:</b>		
Bank loan and overdrafts	11	109
Others	3	0
Creditors	17,955	
Exchange differences	-2,310	3,004
	<b>15,659</b>	<b>3,113</b>

## 8 Dividend

No interim dividend is proposed. (2021: DKK Nil)

## 9 Investment in subsidiaries

DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	20,101	20,101
<b>At end of period</b>	<b>20,101</b>	<b>20,101</b>

Principal subsidiary undertakings of the Parent Company, all of which are 100 percent owned, are as follow:

Name of Company	Business and area of operation	Country of registration
Atlantic Petroleum UK Limited	Exploration, development and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, development and production, Ireland	Republic of Ireland
Atlantic Petroleum North Sea Limited*	Exploration, development and production, UK	England and Wales

In connection with the debt facility, P/F Atlantic Petroleum has pledged as security to the lenders the shares in the wholly owned subsidiary Atlantic Petroleum UK Limited. See note regarding capital commitments and guarantees.

## 10 Intangible assets

DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	1,467,000	1,467
Additions/Adjustments	0	0
<b>At end of period</b>	<b>1,467,000</b>	<b>1,467</b>
<b>Amortisation and depreciation</b>		
At 1 <sup>st</sup> January	1,467,000	1,467
Charge this period	0	0
<b>At end of period</b>	<b>1,467,000</b>	<b>1,467</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>

## 11 Property, plant and equipment

DKK 1,000	2022	2021
<b>Costs</b>		
At 1 <sup>st</sup> January	849,976	850
Additions	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>
<b>Amortisation and depreciation</b>		
At 1 <sup>st</sup> January	849,976	850
Charge this period	0	0
<b>At end of period</b>	<b>0</b>	<b>0</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>

## 12 Trade and other receivables

<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
Trade receivables	0	0
Other taxes and VAT receivable	19	42
Reveivables from subsidiary	5,621	7,206
Net assets	5,640	7,248

All trade and other receivables are due within one year.

The carrying values of the trade and other receivables are equal to their fair value as at the balance sheet date.

The amount due from subsidiary undertakings relates to balances, which bears no interest and are payable upon request. In connection with the Company's debt facility, P/F Atlantic Petroleum has pledged as security the intra-company receivables from Atlantic Petroleum UK Limited. See note regarding capital commitments and guarantees.

## 13 Trade and other payables

<b>DKK 1,000</b>	<b>2021</b>	<b>2021</b>
Trade payables*	52.158	35.407
Accrued expenses	196	196
Other payables	0	0
	52.354	35.603

All trade and other payables are due within one year.

The carrying values of the trade and other payables are equal to their fair value as at the balance sheet date.

## 14 Cash, short and long-term debt

DKK 1,000	2022	2021
<b>Cash:</b>		
Cash at bank and in hand	65	17
Total cash	65	17
<b>Short term debt:</b>		
Short term bank loans	2,617	2,617
Total short term borrowings	2,617	2,617
<b>Long term debt:</b>		
Long term bank loans	0	0
Total long term borrowings	0	0

The borrowings are repayable as follows:

DKK 1,000	2022	2021
Bank loans analysed by maturity		
Within one year	2,617	2,617
In one to five years	0	0
	2,617	2,617

## 18 Financial instruments

The Group's activities expose it to financial risks of changes, primarily in oil and gas prices, but also foreign currency exchange and interest rates.

**Interest rate risk profile of financial liabilities**

The interest rate profile of the financial liabilities of the Group as at 31st December was:

<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
<b>Floating rate</b>		
DKK	2,617	2,617
NOK	0	0
<b>Total</b>	<b>2,617</b>	<b>2,617</b>

The floating rate comprises bank borrowings bearing interest at rates set by reference to DKK CIBOR exposing the Group to a cash flow interest rate risk.

A 1 per cent point change per annum in the interest would have a hypothetical effect of DKK 0,03MM (2021: DKK 0,03MM) on the result and equity.

**Interest rate risk profile of financial assets**

The interest rate profile of the financial assets of the Group as at 31st December was:

<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
<b>Floating rate</b>		
Held in DKK	62	14
Held in GBP	0	0
Held in USD	3	3
Held in EUR	0	0
Held in NOK	0	0
<b>Total</b>	<b>65</b>	<b>17</b>

The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.

The fair values of the financial assets and financial liabilities are:

<b>DKK 1,000</b>	<b>2022</b>	<b>2021</b>
<b>Carrying amount</b>		
Cash and short-term deposits	65	17
Bank loans and credit facility	-2,617	-2,617
Long-term bank loan	0	0
<b>Fair value</b>		
Cash and short-term deposits	65	17
Bank loans and credit facility	-2,617	-2,617
Long-term bank loan	0	0

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are indicative and will not necessarily be realised. Non-interest bearing financial instruments, accounts receivable from customers, and accounts payable are recorded materially at fair value reflecting their short-term maturity and are not shown in the above table.

### **Currency risk**

No currency exposures were hedged during the year and thus there is a currency risk.

Please see risk management section for currency risk exposures.

## Contacts

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