



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE 3 MONTHS ENDED 31st MARCH 2024

LOOKING FORWARD

Production rates for 2023 were 3,500 – 4,000 barrels of oil per day which was in line with Atlantic Petroleum's expectations. This provided the company with steady cashflow throughout the year, and the last payment relating to a UK abandonment liability was paid in February 2024.

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 24.7MM.

The expectation is that the Orlando field will continue to produce at stable rates in 2024.

However, looking at the production profile of Orlando and the current reserves estimates, it is unlikely that the Orlando revenue share can cover the total debt of the company and this in turn will make it very difficult to raise any additional funds to grow the company.

Therefore, the Board will immediately take up negotiations with the creditors on an agreement reducing the overall debt significantly. Unless this is achieved it is unlikely that the company can continue as a going concern. The board has set a deadline for achieving a debt solution during the course of 2024 and will update the market accordingly.

For this reason, the accounts have been prepared on a Going Concern basis.

In the event that no debt solution is achieved in 2024, and the Group is therefore unable to continue as a going concern, 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

HIGHLIGHTS & OUTLOOK

Highlights for Q1 2024 were:

G&A cost was DKK 0.8MM

Operating profit was DKK 0.6MM

Net loss was DKK 0.2MM

Net assets/share-holders equity was DKK -115.7MM

Bank debt was DKK 59.4MM

The Board will prioritize a solution to the company debt. 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.

PERFORMANCE SUMMARY

▶ KEY METRICS	3 months to 31 st Mar 2024	3 months to 31 st Mar 2023	Full year 2023
DKK 1,000			
Income statement			
Revenue	0	0	0
Impairment on producing assets	0	0	0
Gross loss/profit	0	0	0
Exploration expenses	0	0	0
Earning before interest, tax, depreciation, amortization and exploration expense (EBITDAX)	600	-5,359	-16,760
Operating profit/loss (EBIT)	600	-5,359	-16,760
Depreciations	0	0	0
Profit/loss before taxation (EBT)	-219	-6,111	-20,731
Profit/loss after taxation	-219	-6,111	-20,731
Financial position			
Non-current assets	9,929	30,519	11,916
Current assets	14,233	15,001	14,086
Total assets	24,154	45,520	26,002
Current liabilities	116,238	98,298	118,242
Non-current liabilities	23,655	51,215	23,647
Total liabilities	139,893	149,514	141,889
Net assets/Equity	-115,739	-103,994	-115,886
Cash flow and cash			
Cash provided by operating activities	-703	-27,235	1,737
Change in cash and cash equivalents	-1,550	-388	-2,193
Cash and cash equivalents	4	168	1,136
Bank debt – excluding drawdown	59,438	59,438	59,438
Share related key figures			
Earnings per share Basic	-0.06	-1.65	-5.61
Earnings per share Diluted	-0.06	-1.65	-5.61
Share price in DKK on OMX CPH	2.93	5.60	2.71

PORTFOLIO 31TH MARCH 2024

Status on Key Licences

PURSUING POTENTIAL VALUE

Atlantic Petroleum has further rationalized its portfolio in 2024 and will look to further rationalize on best commercial terms for the Group. Nevertheless, the strategy for 2024 will be to pursue near or at production opportunities in low political risk countries in the Northern Hemisphere that bring low liability and strong upside.

As of 31st March 2024 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%	Commerciality being reassessed

Development & Production

PRODUCING ASSETS

The Group does not hold producing assets.

DEVELOPMENT & NEAR DEVELOPMENT

The Group holds no Development or near Development assets.

Exploration & Appraisal

Atlantic Petroleum has no exploration activity planned for 2024 and does not consider exploration a fiscally acceptable risk for the Group in the imminent future.

SIGNIFICANT EVENTS

AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 31st MARCH 2024:

- No significant events after the Balance Sheet Date

ENDORSEMENT AND SIGNATURES OF THE MANAGING DIRECTOR AND BOARD OF DIRECTORS

The Condensed Consolidated Interim Report for the first three months of 2024 comprises the Consolidated Statement of Financial Position of P/F Atlantic Petroleum and its subsidiaries. The Condensed Consolidated Interim Report is prepared in accordance with International Financial Reporting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

We consider the accounting policies used to be appropriate, such that the interim report gives a true and fair view of the Group’s assets, liabilities and financial position at 31st March 2024, and of the results of the Group’s operations and cash flow for the period 1st January – 31st March 2024.

Tórshavn 31st May 2024

Management:

Mark T. Højgaard
CEO

Board of Directors:

Ben Arabo
Chairman

Mourits Joensen
Deputy Chairman

Mark T. Højgaard
Board member

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE 3 MONTHS ENDED
31st MARCH 2024**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	3 months	3 months	Full Year
		to 31 st March	to 31 st March	
		2024	2023	2023
Revenue		0	0	0
Costs of sales	6	0	0	0
Gross profit/loss		0	0	0
Exploration expenses		0	0	0
Orlando deferred consideration		1,358	-4,432	-14,413
Pre-licence exploration cost		0	0	0
General and administration cost		-758	-928	-2,347
Depreciation PPE and intangible assets	11	0	0	0
Other operating cost/income		0	0	0
Operating profit/loss	5	600	-5,359	-16,760
Interest income and finance gains	7	0	0	0
Interest expenses and other finance costs	7	-819	-752	-3,971
Profit/loss before taxation		-219	-6,111	-20,731
Taxation	8	0	0	0
Profit/loss after taxation		-219	-6,111	-20,731
Earnings per share (DKK):				
Basic		-0.06	-1.65	-5.61
Diluted		-0.06	-1.65	-5.61

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	3 months	3 months	Full Year
	to 31 st March	to 31 st March	
	2024	2023	2023
Items that may be recycled in P/L:			
Profit/loss for the period	-219	-6,111	-20,731
Exchange rate differences	366	453	3,181
Total comprehensive Income/loss in the period	147	-5,658	-17,550

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	at 31 st March	at 31 st March	at 31 st Dec
		2024	2023	2023
Non-current assets				
Intangible assets	10	0	0	0
Intangible exploration and evaluation assets	11	0	0	0
Tangible development and production assets	12	0	0	0
Property plant and equipment	13	0	0	0
Other receivables	14	9,921	30,519	11,916
Deferred tax asset		0	0	0
		9,921	30,519	11,916
Current assets				
Trade and other receivables	14	14,832	14,832	12,950
Cash and cash equivalents		4	168	1,136
		14,233	15,001	14,086
Total assets		24,154	45,520	26,002
Current liabilities				
Short term bank debt		59,438	59,438	59,438
Trade and other payables	15	53,024	35,181	55,080
Current tax payable		3,776	3,679	3,724
		116,238	98,298	118,242
Non-current liabilities				
Long term bank debt		0	0	0
Convertible loan facility		11,936	39,528	11,936
Long term provisions		11,719	11,688	11,711
Deferred tax liability		0	0	0
		23,655	51,215	23,647
Total liabilities		139,893	149,514	141,889
Net assets		-115,739	-103,994	-115,886
Equity				
Share capital	16	3,698	3,698	3,698
Translation reserves		93,564	90,470	93,197
Retained earnings		-213,001	-198,162	-212,782
Total equity shareholders' funds		-115,739	-103,994	-115,886

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Translation reserves	Retained earnings	Total
At 1st January 2023	3,698	90,016	-192,050	-98,336
Translation reserves	0	454	0	454
Result for the period	0	0	-6,112	-6,112
At 31st Mar. 2023	3,698	90,470	-198,162	-103,994
Translation reserves	0	2,727	0	2,727
Result for the period	0	0	-14,620	-14,620
At 31st Dec. 2023	3,698	93,197	-212,782	-115,886
Translation reserves	0	367	0	367
Result for the period	0	0	-219	-219
At 31st Mar. 2024	3,698	93,564	-213,001	-115,739

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	3 months	3 months	Full year
	to 31 st March	to 31 st March	
	2024	2023	2023
Operating activities			
Operating profit/loss	600	5,359	-16,760
Other income	0	0	0
Impairment on exploration and evaluation assets	0	0	0
Relinquishment and disposal of licences	0	0	0
Depreciation, depletion and amortisation	0	0	0
Impairment on producing licences	0	0	0
Change in inventories	0	0	0
Change in trade and other receivables	717	7,762	28,247
Change in trade and other payables	-2,056	-29,633	-9,732
Interest revenue and finance gain received	0	0	0
Interest expenses and other finance cost	36	-5	-15
Income taxes	0	0	0
Net cash flow provided by operating activities	-703	-27,235	1,737
Investing activities			
Capital expenditure	-855	-747	-3,956
Net cash used in investing activities	-855	-747	-3,956
Financing activities			
Change in short term debt	0	0	0
Change in long term debt	8	-27,594	26
Net cash flow provided from financing activities	8	-27,594	26
Change in cash and cash equivalents	-1,550	-388	-2,193
Cash and cash equivalents at the beginning of the period	1,136	65	65
Currency translation differences	418	491	3,264
Cash and cash equivalents at the end of the period	4	168	1,136

NOTES TO THE ACCOUNTS

1. Going Concern

It was advised on the 22nd of March 2019 that LOG, the group's main lender, had entered into administration and would not advance further funds under the facility agreement. The terms of the LOG facility restrict the Group from seeking alternate funding means, however these restrictions were lifted by LOG's administrators. Atlantic Petroleum secured a bridging loan of DKK 7.5MM in March 2022, and repayments commenced during 2023, continuing during 2024. Repayments of the LOG facility commenced in 2023, continuing during 2024.

The projected royalty receipts are forecast to be insufficient to meet the Group's liabilities in full. Accordingly, the Board is of the opinion that a debt restructuring is necessary to address the deficiency in shareholders' funds. Discussions have taken place over several years, however, no agreement has been reached, and there is no certainty that a debt restructuring can be achieved.

Repayments to the company's creditors continue during 2024, however, there are no formal agreements in place to restructure the debt and revise the terms of the original Agreements. Dialogue with LOG and Betri Banki is ongoing and although the outcome is uncertain, the Directors believe that there remains a possibility that the debt can be restructured to enable the company to meet its liabilities. For this reason, and given the continuing repayment of liabilities, forecast to continue during 2024 based on continuing royalty receipts, the accounts have been prepared on a going concern basis.

Accordingly, 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 a debt restructuring, and ongoing production from the Orlando field.

In the event that a debt restructuring cannot be agreed, 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.

2. GENERAL INFORMATION

P/F Atlantic Petroleum is a limited company incorporated and domiciled in the Faroe Islands and listed on NASDAQ OMX Copenhagen.

The principal activities of the Company and its subsidiaries (the Group) are oil and gas exploration, appraisal, development and production historically in the UK, Ireland, and the Faroe Islands.

The Annual and Consolidated Report and Accounts of the Group as at and for the year ended 31st December 2023 are available upon request from the Company's registered office at Lucas Debesargøta 8, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands or at www.petroleum.fo.

This Condensed Consolidated Interim Report is presented in DKK.

3. STATEMENT OF COMPLIANCE

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting* as adopted by the EU. It does not include all of the information required for full Annual Financial Statements and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31st December 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31st December 2023.

5. Geographical segmental analysis

DKK 1,000	3 months to 31 st March 2024	3 months to 31 st March 2023	Full year 2023
Revenues by origin:			
United Kingdom	0	0	0
	0	0	0
Operating loss/profit by origin:			
Faroe Islands	-318	-481	-1,643
United Kingdom	928	4,610	-14,810
Norway	0	0	0
Other	-9	-268	-306
	600	-5,359	-16,760

6. Cost of sales

DKK 1,000	3 months to 31 st March 2024	3 months to 31 st March 2023	Full year 2023
Operating costs	0	0	0
Produced oil in inventory at market value	0	0	0
Amortisation and depreciation, PPE:			
Oil and gas properties	0	0	0
Impairment	0	0	0
	0	0	0

7. Interest income & expense and finance gain & cost

DKK 1,000	3 months to 31 st March 2024	3 months to 31 st March 2023	Full year 2023
Interest income and finance gain:			
Short term deposits	0	0	0
Time Value	0	0	0
Unwinding of discount on decommissioning provision	0	0	0
Exchange differences	0	0	0
	0	0	0
Interest expense and other finance cost:			
Bank loan and overdrafts	4	0	9
Creditors	-40	0	0
Time Value	0	0	0
Unwinding of discount on decommissioning provision	0	0	0
Others	0	5	0
Exchange differences	855	747	3,956
	819	752	3,971

8. Taxation

DKK 1,000	3 months to 31 st March 2024	3 months to 31 st March 2023	Full year 2023
Current tax :			
Tax repayable/(payable) in UK	0	0	0
Tax repayable/(payable) in NO	0	0	0
Tax repayable/(payable)	0	0	0
Total current tax	0	0	0
Deferred tax:			
Deferred tax cost in UK	0	0	0
Deferred tax	0	0	0
Total deferred tax	0	0	0
Tax credit/tax on loss/profit on ordinary activities	0	0	0

9. Dividends

No interim dividend is proposed. (31st March 2022: DKK nil)

10. Intangible assets

DKK 1,000	at 31 st March 2024	at 31 st March 2023	At 31st Dec 2023
Costs			
At 1 st January	12,260	12,260	12,260
Exchange movements	0	0	0
Additions/Adjustments	0	0	0
At end of period	12,260	12,260	12,260
Amortisation and depreciation			
At 1 st January	12,260	12,260	12,260
Exchange movements	0	0	0
Charge this period	0	0	0
At end of period	12,260	12,260	12,260
Net book value at end of period	0	0	0

11. Oil and gas – Intangible exploration and evaluation assets

DKK 1,000	at 31 st March 2024	at 31 st March 2023	At 31st Dec 2023
Costs			
At 1 st January	0	0	0
Exchange movements	0	0	0
Additions	0	0	0
Disposal/relinquishment of licences	0	0	0
Explorations expenditures written off/sold	0	0	0
At end of period	0	0	0

12. Oil and gas – Tangible development and production assets

DKK 1,000	at 31 st March 2024	at 31 st March 2023	At 31st Dec 2023
Costs			
At 1 st January	0	0	0
Exchange movements	0	0	0
Disposal/Additions	0	0	0
At end of period	0	0	0
Amortisation and depreciation			
At 1 st January	0	0	0
Exchange movements	0	0	0
Depreciation, charge	0	0	0
Impairment, charge	0	0	0
At end of period	0	0	0
Net book value at end of period	0	0	0

13. Property, plant and equipment assets

DKK 1,000	at 31 st March 2024	at 31 st March 2023	At 31st Dec 2023
Costs			
At 1 st January	0	0	0
Exchange movements	0	0	0
Additions	0	0	0
At end of period	0	0	0
Amortisation and depreciation			
At 1 st January	0	0	0
Exchange movements	0	0	0
Charge this period	0	0	0
At end of period	0	0	0
Net book value at end of period	0	0	0

14. Trade and other receivables

All trade and other receivables are due within one year except for the Orlando deferred consideration DKK 23.9MM of which 14.0MM 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.

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 23.9MM.

Reserves are based on the information disclosed by the Operator of the Orlando field in September 2023, which disclose reserves at 1st January 2023.

Based on this, the reserves remaining at 31st December 2023 are estimated to be 2.2 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 were expected to be 4,000 – 5,000 bopd for the remainder 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 31st March 2024.

15. Trade and other payables

All trade and other payables are due within one year except for the bridge loan (DKK 7.56MM).

16. Earnings per share

DKK 1,000	3 months	3 months	Full year
	to 31 st March	to 31 st March	
	2024	2023	2023
Basic			
Profit/loss after tax	-219	-6,111	-20,731
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-0.06	-1.65	-5.61
Diluted			
Profit/loss after tax	-219	-6,111	-20,731
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-0.06	-1.65	-5.61

The calculation of basic earnings per share is based on the profit or loss after tax and on the weighted average number of ordinary shares in issue during the period.

17. CAPITAL COMMITMENTS AND GUARANTEES AT 31st March 2023

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 31st March 2023 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.

18. RELATED PARTY TRANSACTIONS

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 Grannskoðarastovan Sp/f for at monthly fee of DKK 30.000. Outstanding balance at 31st March 2024 is DKK 1.46MM

CONTACTS

P/F Atlantic Petroleum

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Reg. No. Faroes 2695

SUBSIDIARIES

- **Atlantic Petroleum UK Ltd**
- **Atlantic Petroleum North Sea Ltd**
- **Atlantic Petroleum (Ireland) Ltd**

For subsidiary's contact details please see company website