



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE 9 MONTHS ENDED 30th SEPTEMBER 2023

LOOKING FORWARD

Production from the UK Orlando field has been stable throughout 2023. 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 Group therefore is exposed to changes in the oil price.

The deferred consideration receivable from the Orlando field is at end 3rd Quarter 2023 valued at DKK 45.7MM.

Expectation is that the field will continue to produce at stable rates in 2023 and 2024. A steady source of revenue is a pre-requisite to achieve a solution to the Company debt, which is the Group'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 first nine months in 2023 was DKK 2.0MM.

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 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.

HIGHLIGHTS & OUTLOOK

Highlights for the first 9 months in 2023 were:

- G&A cost was DKK 2.0MM
- Operating profit was DKK 0.1MM
- Net loss was DKK 1.5MM
- Net assets/share-holders equity was DKK -98.8MM
- Bank debt was DKK 59.4MM

General and administration costs have been reduced to a minimum level, and the Group has no exposure to production costs on assets.

The Board is prioritising a solution to the Group 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	9 months to 30 th Sep 2023	9 months to 30 th Sep 2022	3 months to 30 th Sep 2023	3 months to 30 th Sep 2022	Full year 2022
DKK 1,000					
Income statement					
Revenue	0	0	0	0	0
Impairment on producing assets	0	0	0	0	0
Gross profit	0	0	0	0	0
Exploration expenses	0	0	0	0	0
Earning before interest, tax, depreciation, amortization and exploration expense (EBITDAX)	0,055	19,432	5,543	13,180	15,404
Operating profit (EBIT)	0,055	19,432	5,543	13,180	15,404
Depreciations	0	0	0	0	0
Profit before taxation (EBT)	-1,462	7,554	6,461	-171	348
Profit after taxation	-1,462	7,554	6,461	-171	348
Financial position					
Non-current assets	30,810	41,665	30,810	41,665	36,498
Current assets	15,098	17,085	15,098	17,085	16,680
Total assets	45,908	58,750	45,908	58,750	53,178
Current liabilities	82,126	89,655	82,126	89,655	127,893
Non-current liabilities	62,617	60,286	62,617	60,286	23,621
Total liabilities	144,742	149,941	144,742	149,941	151,514
Net assets/Equity	-98,834	-91,191	-98,834	-91,191	-98,336
Cash flow and cash					
Cash provided by operating activities	-38,579	-10,717	-12,053	-10,715	-148
Change in cash and cash equivalents	-1,088	2,838	201	1,779	2,766
Cash and cash equivalents	44	93	44	93	65
Bank debt – excluding drawdown	59,438	59,438	59,438	59,438	59,438
Share related key figures					
Earnings per share Basic	-0.40	2.04	1.74	-0.05	0.09
Earnings per share Diluted	-0.40	2.04	1.74	-0.05	0.09
Share price in DKK on OMX CPH	4.08	6.90	4.08	6.90	6.96

OUR PORTFOLIO 30TH SEPTEMBER 2023

STATUS ON KEY LICENCES

SECURING REMAINING VALUE

Atlantic Petroleum will look to further rationalise on best commercial terms for the Group. Nevertheless, the strategy for 2023 will be to pursue near-production or production opportunities in low political risk countries in the Northern Hemisphere that bring low liabilities and strong upside.

As of September 30th 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%	Commerciality uncertain

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 2023.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 30th SEPTEMBER 2023:

- No significant events after the Balance Sheet Date.

ENDORSEMENT AND SIGNATURES OF THE MANAGING DIRECTOR AND THE BOARD OF DIRECTORS

The Condensed Consolidated Interim Report for the first nine months of 2023 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 30th September 2023, and of the results of the Group’s operations and cash flow for the period 1st January – 30th September 2023.

Tórshavn 30th November 2023

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 9 MONTHS ENDED
30th SEPTEMBER 2023**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	3 months to 30 th Sept 2023	3 months to 30 th Sept 2022	Full Year 2022
Revenue	5	0	0	0	0	0
Costs of sales	6	0	0	0	0	0
Gross profit		0	0	0	0	0
Exploration expenses		0	0	0	0	0
Orlando deferred consideration	14	2,089	20,659	5,898	13,180	17,051
Pre-licence exploration cost		0	0	0	0	0
General and administration cost		-2,034	-1,227	-303	-130	-1,647
Depreciation PPE and intangible assets		0	0	0	0	0
Other operating cost/income		0	0	0	0	0
Operating profit		55	19,432	5,598	13,050	15,404
Interest income and finance gains	7	0	0	0	0	0
Interest expenses and other finance costs	7	-1,516	-11,878	864	-13,221	-15,055
Profit before taxation		-1,462	7,554	6,461	-171	348
Taxation	8	0	0	0	0	0
Profit after taxation		-1,462	7,554	6,461	-171	348
Earnings per share (DKK):						
Basic		-0.40	2.04	1.74	-0.05	0.09
Diluted		-0.40	2.04	1.74	-0.05	0.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	3 months to 30 th Sept 2023	3 months to 30 th Sept 2022	Full Year 2022
Items that may be recycled in P/L:					
Profit for the period	-1,462	7,554	6,461	-171	348
Exchange rate differences	963	-2,572	-408	-1,518	-2,512
Total comprehensive Income in the period	-498	4,982	6,053	-1,689	-2,163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	at 30 th Sept 2023	at 30 th Sept 2022	at 31 st Dec 2022
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	30,810	41,665	36,498
Tax repayable		0	0	0
Deferred tax asset		0	0	0
		30,810	41,665	36,498
Current assets				
Trade and other receivables	14	15,053	16,992	16,615
Cash and cash equivalents		44	93	65
		15,098	17,085	16,680
Total assets		45,908	58,750	53,178
Current liabilities				
Short term bank debt		59,438	59,438	59,438
Trade and other payables	15	18,943	26,559	64,814
Current tax payable		3,745	3,657	3,641
		82,126	89,655	127,893
Non-current liabilities				
Long term bank debt		0	0	0
Convertible loan facility	15	50,899	48,601	11,936
Long term provisions		11,718	11,685	11,685
Deferred tax liability		0	0	0
		62,617	60,286	23,621
Total liabilities		144,742	149,941	151,514
Net assets		-98,834	-91,191	-98,336
Equity				
Share capital	16	3,698	3,698	3,698
Translation reserves		90,980	89,956	90,016
Retained earnings		-193,512	-184,845	-192,050
Total equity shareholders' funds		-98,834	-91,191	-98,336

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Translation reserves	Retained earnings	Total
At 1st January 2022	3,698	92,528	-192,399	-96,173
Translation reserves	0	-2,572	0	-2,572
Result for the period	0	0	7,554	7,554
At 30th September 2022	3,698	89,956	-184,845	-91,191
Translation reserves	0	60	0	60
Result for the period	0	0	-7,205	-7,205
At 31st December 2022	3,698	90,016	-192,050	-98,336
Translation reserves	0	963	0	963
Result for the period	0	0	-1,462	-1,462
At 30th September 2023	3,698	90,979	-193,512	-98,834

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	Full year 2022
Operating activities			
Operating profit	55	19,432	15,404
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	7,249	-17,213	-11,670
Change in trade and other payables	-45,872	1,812	14,088
Interest revenue and finance gain received	0	0	0
Interest expenses and other finance cost	-12	-14,747	-17,970
Income taxes	0	0	0
Net cash flow provided by operating activities	-38,579	-10,717	-148
Investing activities			
Capital expenditure	-1,505	-2,869	2,914
Net cash used in investing activities	-1,505	-2,869	2,914
Financing activities			
Change in short term debt	0	0	0
Change in long term debt	38,995	10,686	0
Net cash flow provided from financing activities	38,995	10,686	0
Change in cash and cash equivalents	-1,088	2,838	2,766
Cash and cash equivalents at the beginning of the period	65	17	17
Currency translation differences	1,068	-2,762	-2,718
Cash and cash equivalents at the end of the period	44	93	65

NOTES TO THE ACCOUNTS

1. 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 the Company from seeking alternate funding means, however it can be reported that these restrictions were lifted by LOG's administrators. Atlantic Petroleum has subsequently secured a bridging loan of DKK 7.5MM which has not been fully drawn. The Bridging loan DKK 5.0MM was secured in 2019, increased to DKK 6.0MM in 2020 and increased again after year-end 2021 to DKK 7,5MM.

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

The Orlando field production commenced initially in March 2019. Initial production proved significantly lower than the expected 10,000 bopd and has been around 2,500 bopd.

Due to issues with the completion equipment in the Orlando well a workover was planned for 3Q in 2022. The workover performed by the operator on the UK Orlando field was successful and production recommenced in Q3 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, following the successful workover of Orlando, 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 45.7MM.

Reserves are based on the information in Tailwind Energy Chinook Ltd (the operators) annual accounts 2020.

Based on this the reserves are estimated to 6.1MMBbl.

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

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 workover. 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.

Provided 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.

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, Norway, Netherlands and the Faroe Islands.

The Annual and Consolidated Report and Accounts of the Group as at and for the year ended 31st December 2021 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 2022.

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 2022.

5. Geographical segmental analysis

DKK 1,000	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	Full year 2022
Revenues by origin:			
United Kingdom	0	0	0
	0	0	0
Operating loss/profit by origin:			
Faroe Islands	-1,377	-1,024	-1,469
United Kingdom	1,713	20,469	10,702
Norway	0	0	0
Other	-281	-13	-279
	55	19,432	8,955

6. Cost of sales

DKK 1,000	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	Full year 2022
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	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	Full year 2022
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	5	2	0
Creditors	0	14,742	17,955
Time Value	0	0	0
Unwinding of discount on decommissioning provision	0	0	0
Others	6	0	0
Exchange differences	1,505	-2,869	-2,914
	1,516	0	15,005

8. Taxation

11 Tax	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	Full year 2022
DKK 1,000			
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. (30th September 2022: DKK nil)

10. Intangible assets

DKK 1,000	at 30 th Sept 2023	at 30 th Sept 2022	At 31 st Dec 2022
Costs			
At 1 st January	12,260	0	0
Exchange movements	0	0	0
Additions/Adjustments	0	0	0
At end of period	12,260	0	0
Amortisation and depreciation			
At 1 st January	12,260	0	0
Exchange movements	0	0	0
Charge this period	0	0	0
At end of period	12,260	0	0
Net book value at end of period	0	0	0

11. Oil and gas – Intangible exploration and evaluation assets

DKK 1,000	at 30 th Sept 2023	at 30 th Sept 2022	At 31 st Dec 2022
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 30 th Sept 2023	at 30 th Sept 2022	At 31 st Dec 2022
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 30 th Sept 2023	at 30 th Sept 2022	At 31 st Dec 2022
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 30.8MM.

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 is currently valued at DKK 45.7MM.

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 2023. Production has recommenced in Q3 2022. Production rates are 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 30th September 2023.

15. Trade and other payables

All trade and other payables are due within one year except for the bridge loan (DKK 8.23MM) and the remaining debt on Ettrick & Blackbird (GBP 0.18MM).

16. Earnings per share

DKK 1,000	9 months to 30 th Sept 2023	9 months to 30 th Sept 2022	Full year 2022
Basic			
Profit/loss after tax	-1,462	7,554	348
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-0.40	2.04	0.09
Diluted			
Profit/loss after tax	-1,462	7,554	348
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-0.40	2.04	0.09

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 30th September 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 30th September 2023 with P/F Betri Banki 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 30th September 2023 is DKK 1.58MM

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