

# Prospex Energy

## Selva continues to produce strongly with current high European gas prices providing near-term upside

### Strong and consistent performance from Selva provides stable cashflows

Prospex Energy provided an update on the Selva Malvezzi field (37% working interest) in Italy. The operator, Po Valley, reported Q4'25 gross production from the PM-1 well of 2.7mmcf/d, bringing full-year gross output at Selva to >1bcf, which is 2% above our expectation of 0.97bcf. Net to Prospex, Q4 volumes were ~1mmcf/d, contributing to ~370mmcf for 2025. Average daily gross rates remained consistently ~2.8mmcf/d, underscoring the field's stable reservoir performance despite two short maintenance-related shutdowns in Q4, which also led to higher opex. Gas sales switched to a new agreement from 1 October 2025, with Hera Trading. FY'25 revenue net to Prospex reached €4mm, with an average gas price of ~€14/mcf compared to our previous assumption of €11/mcf. Cumulative gross production since first gas in July 2023 has now reached 2.3bcf.

### 3D survey completion de-risks multi-well growth and sets up 2026 catalysts

The partners completed the acquisition of 140 km<sup>2</sup> of 3D seismic data covering the entire concession area at Selva Malvezzi on time and under budget. The processing is underway with delivery of a high-resolution subsurface model expected in Q2'26, which will sharpen reservoir definition and optimise well placement. The forthcoming interpretation will guide the development programme across four priority locations - Selva North and Selva South (both part of Selva's 2C resource of 14bcf gross or 5.2bcf net) alongside the Riccardina prospect (2U prospective resource of 13.7bcf net). Prospex is covered for its share of the 3D seismic (€800k) through the recently issued convertible loan notes ("CLNs") that raised £1.35mm (~€1.5mm). Concurrently, the Environmental Impact Assessment ("EIA") is being updated in line with the Ministry's feedback and specialist studies required by the EIA are scheduled for submission in Q2'26. Prospex expects to receive approval from the Ministry in 2027, and we expect drilling to begin shortly after that. We assume three wells over the three resources/ prospects to be drilled in 2027.

### Selva: Core long-life asset with >90bcf gross potential

Selva is Prospex's most valuable asset in our view (52% of its risked NAV), combining low operating costs, simple fiscal terms and long-term production visibility. Existing 2P reserves support stable output for a decade, with PM-1 alone contributing ~2.7mmcf/d gross and ~€7mm of annual EBITDA (~€3mm net to Prospex) at a long-term TTF price of €30/MWh (January '26 pricing has averaged €33/MWh). In addition to the PM-1 well, the broader Selva Malvezzi concession holds significant contingent and prospective resources. These include a gross total of 14bcf of 2C resources (5.2 bcf net), scheduled for development in 2027, which have the potential to double field production. Furthermore, there are exploration targets estimated to contain ~70bcf of gross 2U resources (31bcf net), scheduled to be drilled between 2027 and 2029. Combined with the existing 12bcf gross 2P reserves, the total gross volumes at Selva are estimated at 91bcf. The existing infrastructure and proximity to grid connections improve commercialisation efficiency, while the newly completed 3D survey offers clear potential to further derisk and scale the asset.

### Valuation: Risked NAV provides a 360% upside to the current share price

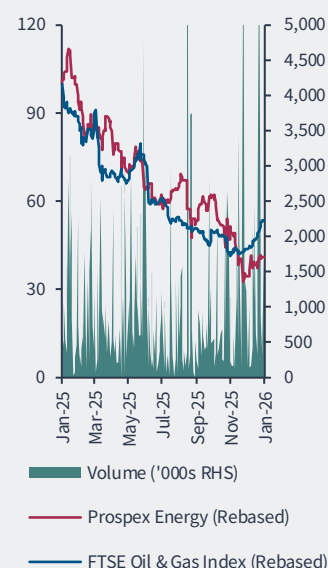
Our risked NAV is unchanged at 14.1p/sh. Selva's 2P reserves contribute €13mm or 2.6p/sh to its risked NAV. We value Selva's 2C resources (Selva North and South) at €15mm unrisked and carry a geological CoS of 75% resulting in a risked NAV of €11mm or 2.3p/sh. Selva's three prospective resources hold an unrisked value of €64mm or €12mm (2.4p/sh) on a risked basis. Prospex trades at a ~70% discount to our 2P + 2C valuation of 8.7p/sh, with further upside potential from the development of its exploration prospects.

GICS Sector	Energy
Ticker	AIM: PXEN
Market cap 29-Jan-26 (US\$mm)	17.7
Share price 29-Jan-26 (GBP)	3.04

### NAV summary (p/sh)

Asset	Unrisked	Risked
Cash & other	0.1	0.1
2P+2C	8.7	7.3
Exploration	24.9	6.7
<b>Total NAV</b>	<b>33.7</b>	<b>14.1</b>

Source: H&Pe



Source: S&P CapIQ

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## Valuation and NAV

We view Prospex as undervalued on several metrics with plenty of catalysts outlined above to unlock value over the next year. We see the current producing assets as more than underpinning the current share price, with further upside from the significant low risk growth potential of its undeveloped reserves and resources, as well as exploration potential.

We forecast that Prospex will generate a net EBITDA of €2.5mm in 2026 implying an EV/EBITDA of ~6x. Just through the development of its 2P and 2C reserves and resources plus the El Romeral exploration prospects (75% geological COS), Prospex has the potential to grow production by >8x by 2028 from an estimated 1.8mmcf/d in 2025, which would see EBITDA expand to €32mm from €3.9mm in 2025E. Using the current EV of €14mm and stable production level (in 2027), Prospex would trade on an EV/EBITDA multiple of <1x which is a deep discount to producing small cap European E&P players that trade at 2-4x.

There is strong leverage to European gas prices, and we have taken a conservative forecast for 2026 onwards of €9.1/mcf or €30/MWh, which is ~15% below the 2025 average. A 10% increase to our forecast 2026+ price would raise our risked NAV by 9% to 15p/sh and our 2027 EBITDA forecast by 10% to €36mm.

We see Prospex trading at an ~70% discount to its discovered resource (2P plus 2C) risked valuation of 8.7p/sh. We see a further 5.5p/sh of risked upside from its planned exploration wells over the next two years, which would be worth 16p/sh unrisks. Our risked NAV, on a fully diluted basis, is 14.1p/sh, which implies ~360% upside to the current share price. Our risked NAV on a basic share basis would be 16p/sh. Overall, we estimate that Prospex's unrisks value is 33.7p/sh which is ~11x the current share price.

On a reserves and resources basis, Prospex trades at €2.4/boe of its 2P and 2C reserves of 18bcf (3mmboe) that are producing or expected to be developed in the next two years.

Financial ratios	2025	2026	2027	2028	2029
Market capitalisation (€mm)	15	15	15	15	15
Net debt	0	0	0	0	0
<b>EV</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>EV/EBITDA</b>	<b>3.7x</b>	<b>6.0x</b>	<b>0.8x</b>	<b>0.5x</b>	<b>0.5x</b>
<b>EV/CFFO</b>	<b>4.8x</b>	<b>8.1x</b>	<b>1.0x</b>	<b>0.6x</b>	<b>0.7x</b>
FCF yield	4%	-64%	10%	164%	142%
EV per boe/d	47.8	48.1	7.5	5.2	5.4
EBITDA per boe/d	13.0	8.0	9.7	11.4	10.1
P/E	8.5x	41.9x	1.3x	0.7x	0.9x

Source: H&Pe

## Risked NAV

Our favoured valuation methodology is a bottom-up risked NAV, modelling out the various fields and prospects and applying a geological and commercialisation risk to each. In our base-case scenario, we use a long-term flat gas price of €30/MWh (€8.8/mcf) from 2026 and an NGL price of €42/bbl. We use an electricity price of €100/MWh for 2026 and €75/MWh from 2027 onwards. We use a USD/EUR FX rate of 1.17 and a USD/GBP FX rate of 1.33 and a 10% discount rate.

Asset	Gross bcf	Propsex W.I.	Net bcf	NPV €/mcf	Unrisked €mm	Unrisked p/sh	Geo. CoS	Comm. CoS	Risked €mm	Risked p/sh
Cash					€0.0	0.0p			€0.0	0.0p
Options and Warrants					€1.6	0.3p			€1.6	0.3p
Capitalised G&A @2x					-€2.9	-0.6p			-€2.9	-0.6p
CLNs (Dec 2025)					€1.6	0.3p			€1.6	0.3p
Romeral 2P	0.2	100%	0.2	-€3.8	-€0.7	-0.1p	100%	100%	-€0.7	-0.1p
Viura 2P (well 1B)	23	13.5%	3.1	€1.8	€6	1.1p	100%	90%	€5.0	1.0p
Viura 2P (well 3B)	38	7.5%	2.9	€1.9	€5	1.1p	100%	75%	€4.1	0.8p
Viura 2P (well 3A)	23	10.5%	2.4	€2.2	€5	1.1p	100%	75%	€4.0	0.8p
Selva 2P	12	37%	4.5	€2.9	€13	2.6p	100%	100%	€13.0	2.6p
Selva 2C	14	37%	5.2	€2.9	€15	3.0p	100%	75%	€11.3	2.3p
<b>Total 2P and 2C</b>	<b>111</b>	<b>16%</b>	<b>18.3</b>	<b>€2.4</b>	<b>€43.5</b>	<b>8.7p</b>	<b>100%</b>	<b>84%</b>	<b>€36.5</b>	<b>7.3p</b>
Romeral: Sevilla 3 East	0.9	100%	0.9	€1.5	€1.3	0.3p	85%	96%	€1.1	0.2p
Romeral: Santa Clara 2	2.3	100%	2.3	€1.5	€3.4	0.7p	80%	95%	€2.6	0.5p
Romeral: Nuevo Gamo	1.5	100%	1.5	€1.5	€2.2	0.4p	72%	95%	€1.5	0.3p
Romeral: Santa Rita	3.8	100%	3.8	€1.5	€5.7	1.1p	86%	86%	€4.2	0.8p
Romeral: Romeral 2S	9.7	100%	9.7	€1.5	€14.5	2.9p	51%	78%	€5.7	1.2p
Romeral: Exploration	60.2	100%	60.2	€0.5	€30.1	6.0p	34%	49%	€5.1	1.0p
Selva East	32	37%	11.9	€2.1	€25	5.0p	40%	75%	€7.6	1.5p
Selva: Riccardina	37	37%	13.7	€2.0	€27	5.4p	21%	75%	€4.2	0.8p
Selva: Fondo Perino	14	37%	5.3	€2.2	€12	2.4p	34%	10%	€0.4	0.1p
Viura Ullitras B	25.0	7%	1.8	€1.5	€2.7	0.5p	50%	75%	€1.0	0.2p
<b>Total exploration value</b>	<b>187</b>	<b>59%</b>	<b>111</b>	<b>€1.1</b>	<b>€124</b>	<b>24.9p</b>			<b>€33.4</b>	<b>6.7p</b>
<b>Total NAV</b>	<b>298</b>		<b>129</b>	<b>€1.3</b>	<b>€168</b>	<b>33.7p</b>			<b>€70</b>	<b>14.1p</b>

Source: H&Pe

## Risked NAV build-up



Source: H&Pe

Our valuation shows that Prospex's project economics are heavily influenced by the prevailing gas prices. We have sensitised Prospex's risk value to our long-term gas price estimate and discount rate to show the range of values based on movements in the macro environment.

#### Sensitivity of risked NAV to gas price and discount rate

		Long term gas price				
€/mcf		€2.9	€5.9	€8.8	€11.7	€14.7
€/MWh		€10	€20	€30	€40	€50
Discount Rate	5.0%	5.0p	11.9p	18.4p	24.8p	30.8p
	7.5%	4.3p	10.3p	16.0p	21.6p	26.9p
	10.0%	3.7p	9.0p	14.1p	19.1p	23.8p
	12.5%	3.2p	7.9p	12.5p	17.0p	21.2p
	15.0%	2.7p	7.0p	11.2p	15.3p	19.1p

#### Sensitivity of risked 2P reserves valuation to gas price and discount rate

		Long term gas price (€/MWh)				
		€10	€20	€30	€40	€50
Discount Rate	5.0%	0.5p	3.6p	6.4p	9.0p	11.3p
	7.5%	0.4p	3.2p	5.7p	8.0p	10.1p
	10.0%	0.3p	2.8p	5.1p	7.2p	9.0p
	12.5%	0.3p	2.5p	4.6p	6.5p	8.2p
	15.0%	0.2p	2.2p	4.1p	5.9p	7.4p

#### Sensitivity of risked 2P+2C reserves valuation to gas price and discount rate

		Long term gas price (€/MWh)				
		€10	€20	€30	€40	€50
Discount Rate	5.0%	1.3p	5.5p	9.4p	13.2p	16.6p
	7.5%	1.1p	4.8p	8.3p	11.6p	14.6p
	10.0%	0.9p	4.2p	7.3p	10.3p	13.0p
	12.5%	0.7p	3.7p	6.5p	9.3p	11.7p
	15.0%	0.6p	3.2p	5.9p	8.3p	10.5p

Source: H&P

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