

WALDORF PRODUCTION

Q3 2023 RESULTS

30 November 2023



WALDORF
PRODUCTION



www.waldorf-production.com

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WALDORF PRODUCTION

Q3 2023 OVERVIEW

KEY HIGHLIGHTS

Operational performance in line with guidance

- Q3 2023 production¹ of 23.3 kboepd, up 1.2 kboepd from prior period and in line with guidance
- Production in the quarter reflects higher uptime at Catcher, scheduled maintenance activity and temporary operational constraints at Kraken.
- Group full year production guidance narrowed to 22-23 kboepd, with lower expected output in Q4 due to planned shutdown at Catcher

Stronger quarterly performance

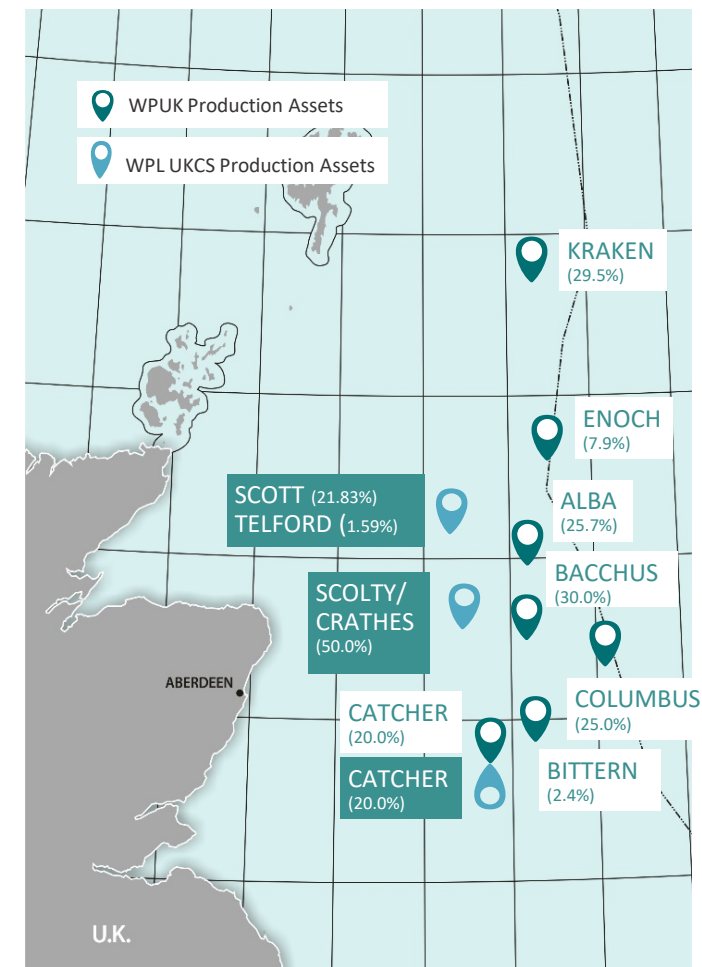
- Group EBITDA of \$112 million and Group operating cash flow of \$93 million, supported by higher production and stronger oil prices
- Group net debt of \$404 million and Group unrestricted cash of \$71 million at the end of the quarter.
- Net debt to EBITDA ratios and liquidity within bond covenants

Delivering on liquidity availability

- Disposal of US assets completed in November
- Resolved matters with Dana on confidential terms. Having previously resolved matters with TAQA, Waldorf has no further liability in respect of the Netherlands acquisitions announced on 6 October 2022
- Hedged 1.6 million barrels of 2024 production at \$60/bbl strike price

Q3 2023		Q2 2023
Production ¹		
23.3 kboepd	▲	22.1 kboepd
Opex		
\$35/boe	■	\$35/boe
Operating cash flow		
\$93 million	▲	\$74 million
EBITDA		
\$112 million	▲	\$80 million
Unrestricted cash		
\$71 million	▼	\$111 million
Net debt/EBITDA		
1.22 times	▲	1.04 times

¹ Excludes US production



OPERATIONS

GOOD OPERATIONAL PERFORMANCE

CATCHER



- › Improved production efficiency in Q3 2023, following outage in June
- › Planned maintenance shutdown completed in October, safely and on schedule
- › Working with the operator to finalise plans to drill new wells in 2025

OTHER ASSETS



- › Planned shutdowns completed in Q3 2023 across multiple assets
- › Output from Alba declined due to lack of water injection caused by unplanned power generation issue. Resolution expected in December
- › New infill wells due to be brought onstream at Scott in December and Alba in January 2024

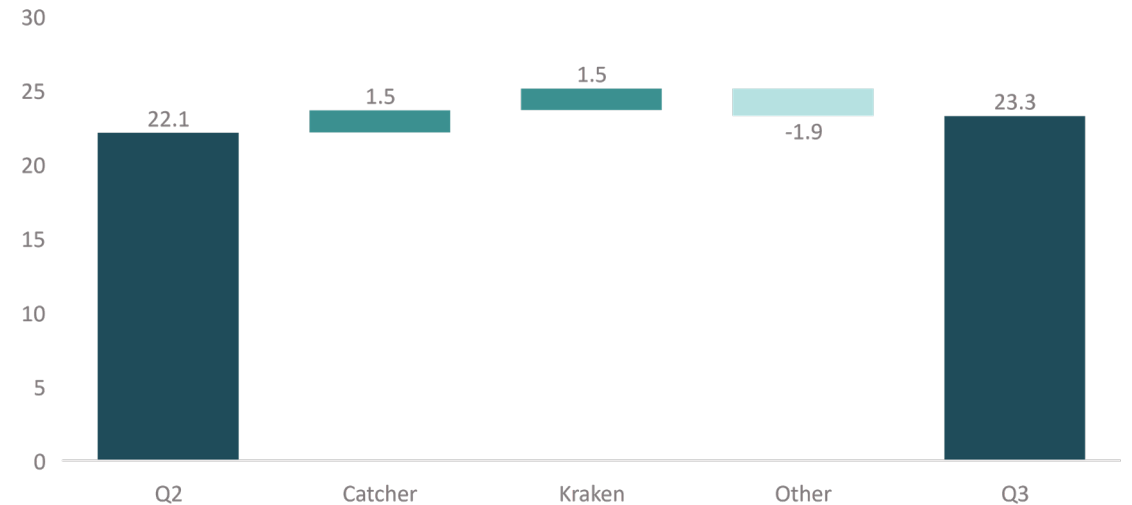
KRAKEN



- › Returned to full production in August following operational constraints in May-July
- › New transformers to provide additional production assurance
- › Continuing to evaluate future infill drilling opportunities
- › Rig contract commitment made for 2025 drilling

Q3 PRODUCTION¹ WATERFALL

kboepd



¹ Excludes US production

MACRO ENVIRONMENT

OIL PRICES STRONGER, PRODUCTION HIGHER



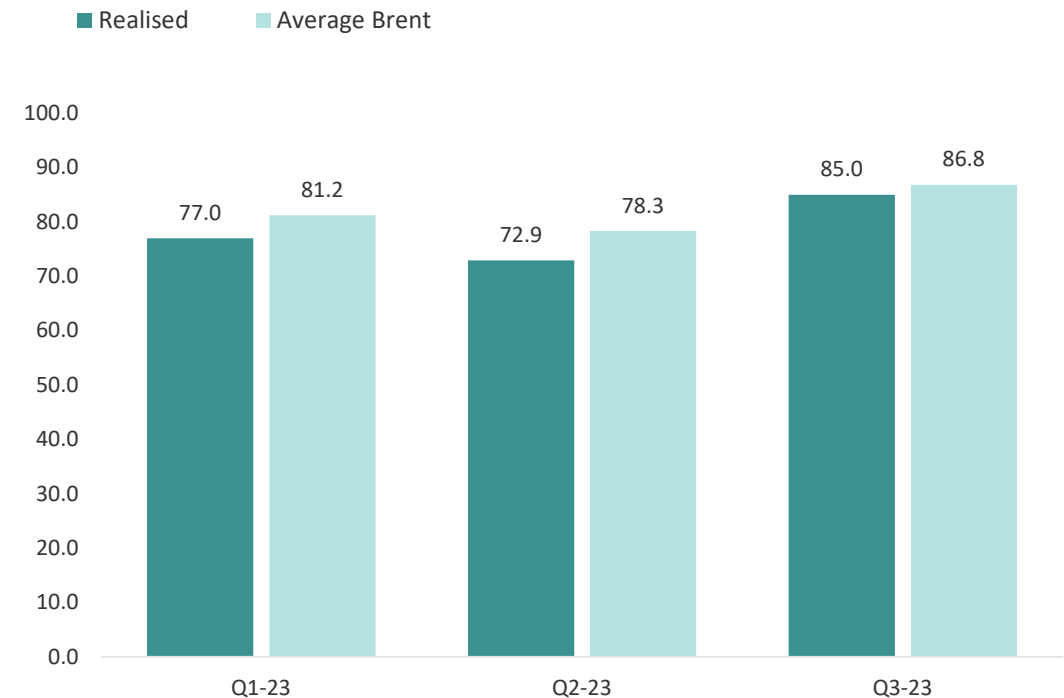
Production

kboepd



Oil prices

\$/bbl



¹ Waldorf Production Limited figures also includes production for Waldorf Production UK plc

² Excludes US production

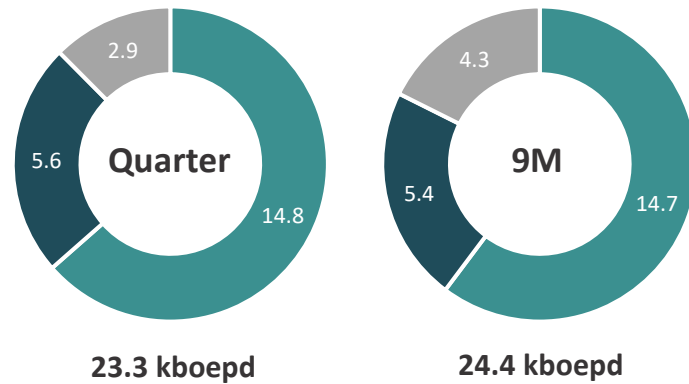
WALDORF PRODUCTION LTD (GROUP) TRADING UPDATE



Production¹

kboepd

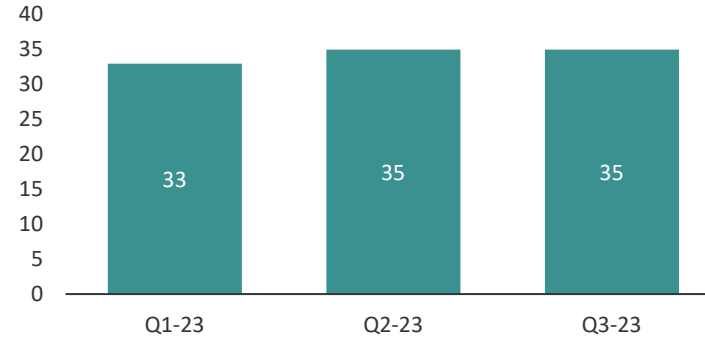
● Catcher ● Kraken ● Other



¹ Excludes US production

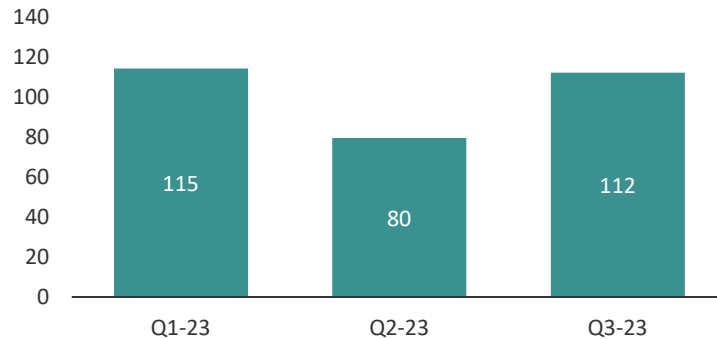
Operating costs

\$/boe



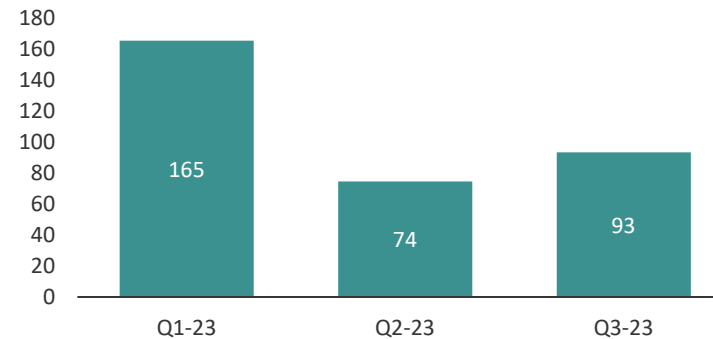
EBITDA

\$'M



Operating cash flow

\$'M



Q3 2023 Earnings Highlights

- Q3 2023 production of 23.3 kboepd, up 1.2 kboepd from prior period
- Opex stable at \$35/boe as higher costs offset by an increase in production
- Increase in EBITDA to \$112 million and operating cash flow to \$93 million, driven by higher production and stronger oil prices
- Q1 operating cash flow benefitted from an acceleration of revenue on assets acquired as part of MOL acquisition due to change in contracts, and revenue phasing
- Q3 operating cash flow curtailed by Q2 unwind of c.\$40m overpaid revenue as receipt based on estimated production volumes

FINANCIAL REVIEW – WALDORF PRODUCTION LTD (GROUP)

STATEMENT OF COMPREHENSIVE INCOME

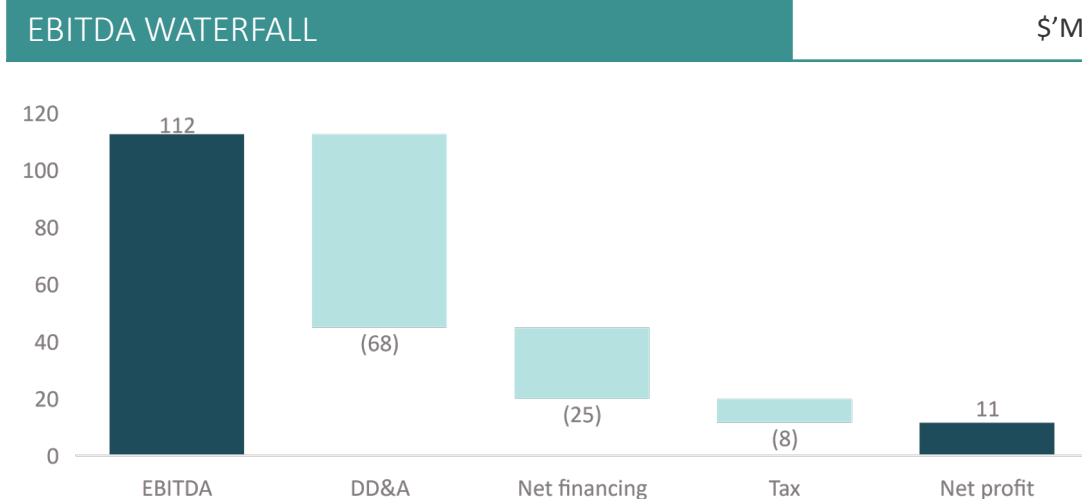
Statement of Comprehensive Income

\$'M	Q3 2023	9M 2023	FY 2022
Revenue	132.9	427.6	691.6
Cost of sales (excl. under/overlift)	(47.0)	(155.9)	(195.4)
Under/overlift	45.4	88.2	(7.6)
DD&A	(67.8)	(202.8)	(240.8)
Gross profit	63.5	157.0	247.6
PP&E impairments	-	-	(88.7)
Admin expenses	(4.4)	(14.1)	(36.3)
Change in contingent consideration	(20.5)	(30.2)	(91.2)
Operating profit	38.7	112.7	31.4
Finance income	1.6	5.3	1.4
Finance costs	(24.3)	(77.0)	(63.8)
Foreign exchange	(2.2)	4.4	7.5
Other income/(expenses)	5.9	(8.8)	-
Revisions to decom – non-producing	0.0	0.0	(11.2)
Gain on bargain purchase	-	-	(10.0)
Profit/(loss) before tax	19.8	36.7	(44.7)
Tax	(8.4)	(83.5)	(90.5)
Net profit/(loss)	11.4	(46.8)	(135.3)

EARNINGS PERFORMANCE DRIVEN BY HIGHER PRODUCTION AND STRONGER OIL PRICES

- › Total revenue of \$133 million, comprising of oil sales of \$131 million, gas sales of \$5 million and a realised derivative loss of \$3 million
- › Change in contingent consideration reflects non-cash unwinding of time value discount for Alpha/MOL transactions
- › Tax charge of \$8 million in Q3 2023 and \$84 million YTD, reflecting impact of the UK Energy Profits Levy

EBITDA WATERFALL



FINANCIAL REVIEW – WALDORF PRODUCTION LTD (GROUP)

STATEMENT OF CASH FLOW

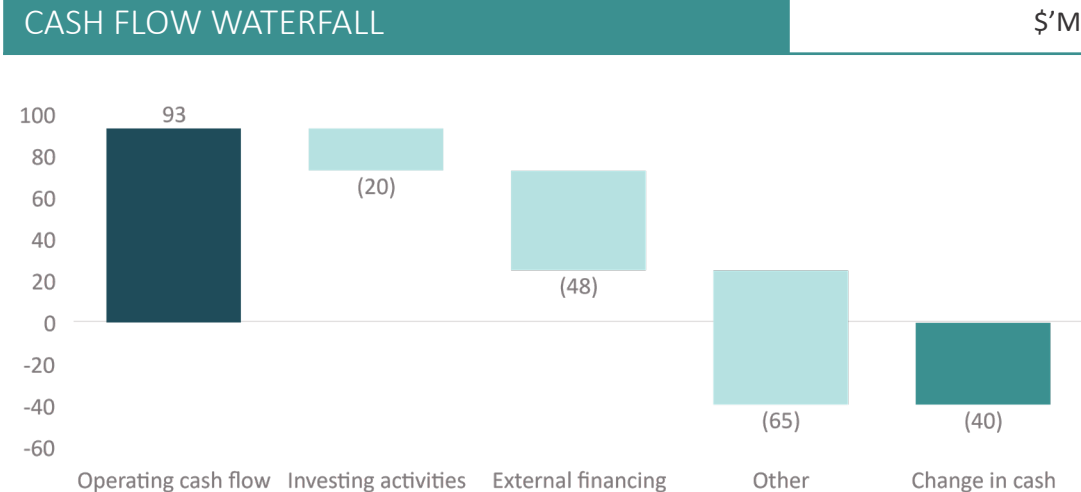
Cash flow Statement

\$'M	Q3 2023	9M 2023	FY 2022
Cash flow from Operating Activities			
Cash revenue	136.3	528.6	691.6
Hedging outflow	(6.8)	(15.7)	(15.0)
Operating cash expenditure	(36.2)	(180.1)	(172.4)
Cash generated from operating activities	93.3	332.9	504.1
Investing Activities			
Business combination	(10.3)	(257.3)	(146.1)
Purchase of PP&E	(10.0)	(17.2)	(39.9)
Net cash used in investing activities	(20.3)	(274.5)	(186.0)
Financing Activities			
Repayment of bonds	(25.0)	(75.0)	(100.0)
New bond raise	-	139.7	-
Payment of interest	(8.1)	(25.8)	(23.2)
Distributions	-	-	(76.0)
Restricted cash funding	-	-	(18.3)
Barclays working capital facility	(27.7)	15.1	27.8
Shell credit facility	(23.0)	(38.9)	8.6
Intercompany funding	-	(15.0)	-
Payment of lease liabilities	(28.7)	(85.7)	(91.9)
Net cash generated from/(used in) financing activities	(112.5)	(85.7)	(272.9)
Net increase / (decrease) in cash	(39.6)	(27.3)	45.2
Unrestricted cash at the beginning of period	110.8	98.5	53.4
Unrestricted cash at the end of period	71.2	71.2	98.5

OPERATING CASH FLOW FULLY FUNDS INVESTING ACTIVITIES AND SCHEDULED BOND REPAYMENTS

- › Strong operating cash flow and low capex in Q3 2023
- › Contingent payments related to Alpha acquisition
- › Bond and short-term credit facility repayments of \$48 million in Q3 2023
- › Net reduction in cash of \$40 million in Q3 2023, \$71 million of unrestricted cash available at 30 Sept 2023
- › Undrawn Shell credit facility provides additional potential liquidity

CASH FLOW WATERFALL



FINANCIAL REVIEW – WALDORF PRODUCTION LTD (GROUP)

STATEMENT OF FINANCIAL POSITION

Assets			Liabilities and equity		
\$'M	Sep-23	Dec-22	\$'M	Sep-23	Dec-22
Cash and cash equivalent	71.2	98.5	Trade and other payables	68.7	97.6
Restricted cash	234.3	270.4	Overlift	3.3	27.5
Trade and other receivables	11.5	95.4	Accruals	18.2	42.5
Underlift	88.6	24.2	Bonds	139.0	100.0
Inventory and cash (JV)	18.8	17.1	Contingent payment	117.7	227.7
Intercompany receivables	50.5	48.6	Deferred payment	45.0	45.0
Derviative financial instruments	-	2.8	Derviative financial instruments	-	15.7
Other current assets	51.8	2.0	Provision for liabilities (S/T)	5.4	7.8
Current assets	526.7	559.0	FPSO Liability (S/T)	110.2	87.7
Oil and Gas properties	1,280.5	1,447.0	Current tax	132.1	55.8
Goodwill	89.0	89.0	Other current liabilities	42.8	-
Non-current assets	1,369.5	1,536.0	Current liabilities	682.6	707.2
Total assets	1,896.2	2,095.0	Trade and other payables	-	0.5
			Provisions for liabilities	639.6	633.6
			Contingent payment	120.8	212.3
			Deferred payment	38.5	44.8
			Deferred tax	178.4	151.8
			FPSO Liability	258.1	335.5
			Bonds	112.7	72.2
			Non-current liabilities	1,348.0	1,450.7
			Equity	(134.4)	(62.9)
			Total liabilities and equity	1,896.2	2,095.0

STABLE BALANCE SHEET

- › Contingent payment liability related to Alpha, Capricorn and MOL transactions
- › Transfer of \$39.5 million restricted cash held for Capricorn transaction to 'other current assets'
- › Net debt (as defined in bond covenants) of \$404 million at 30 Sept 2023, increase from \$336 million at the end of Q2 2023 due to increase in current tax liabilities
- › Continued compliance with Bond leverage and liquidity covenants

COVENANTS

\$'M



Net debt to EBITDA

The ratio of total net debt to EBITDA should at all times be less than 2.00:1

Q3 2023: 1.22 times

Liquidity

Liquidity should at all times not be less than \$20 million

Q3 2023: \$50 million

FINANCIAL REVIEW - WALDORF PRODUCTION LTD (GROUP)

CASH FLOW WATERFALL

\$'M

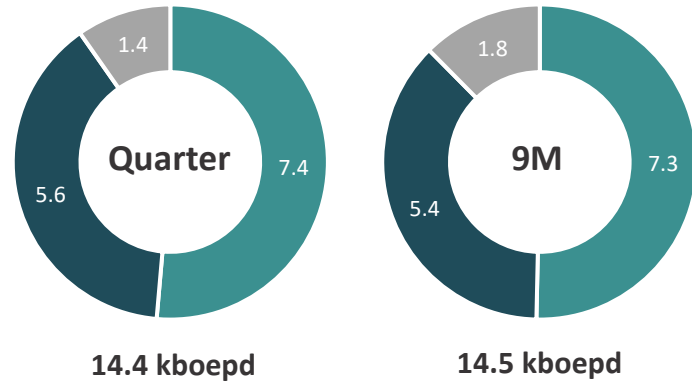


WALDORF PRODUCTION UK PLC (GROUP) TRADING UPDATE

Production

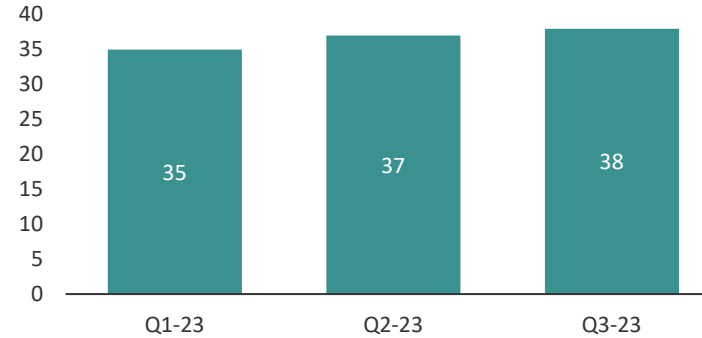
kboepd

● Catcher ● Kraken ● Other



Operating costs

\$/boe

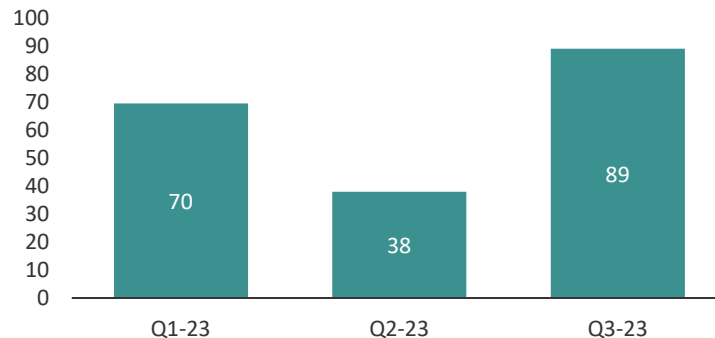


Q3 2023 Earnings Highlights

- Q3 2023 production of 14.4 kboepd, up 1.9 kboepd from prior period
- Opex broadly stable at \$38/boe as higher costs offset partially by an increase in production
- Increase in EBITDA to \$89 million, driven by higher production and stronger oil prices
- Operating cash flow slightly lower at \$45 million, due to unwind of c\$20m overpaid revenue in Q2, as receipt based on estimated production volumes

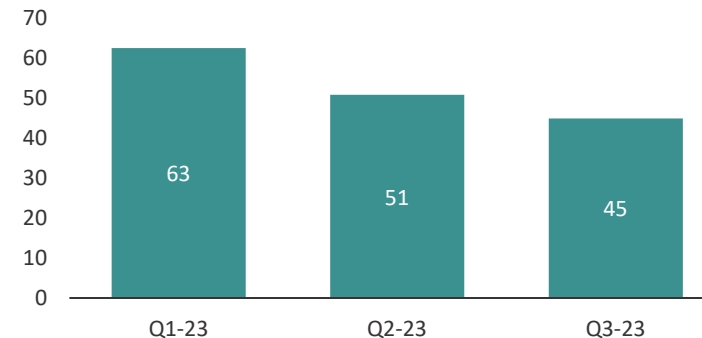
EBITDA

\$'M



Operating cash flow

\$'M



FINANCIAL REVIEW - WALDORF PRODUCTION UK PLC (GROUP)

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income

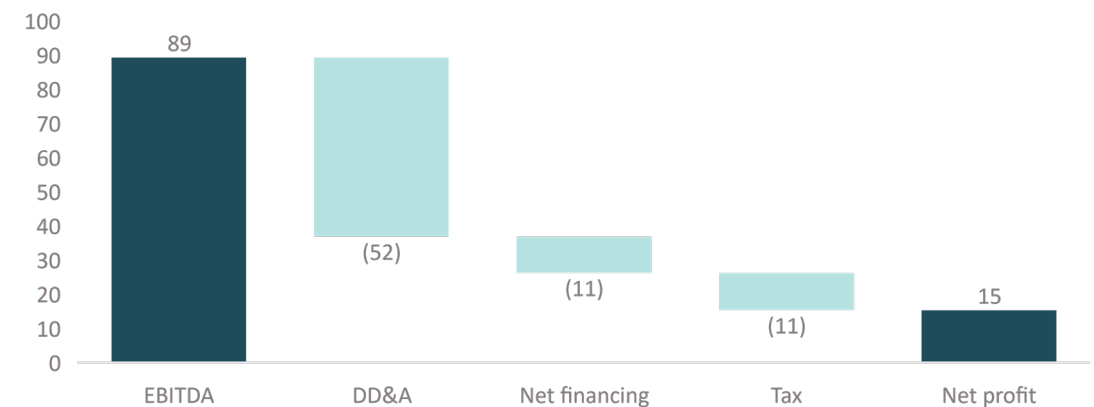
\$'M	Q3 2023	9M 2023	FY 2022
Revenue	79.0	239.8	578.1
Cost of sales (excl. under/overlift)	(27.4)	(93.0)	(138.6)
Under/overlift	34.4	56.8	(0.6)
DD&A	(52.4)	(149.7)	(251.9)
Gross profit	33.6	53.9	187.0
PP&E impairments	-	-	(79.2)
Admin expenses	(2.6)	(8.5)	(30.3)
Change in contingent consideration	(0.0)	(4.2)	(88.3)
Operating loss	31.0	41.2	(10.8)
Finance income	0.1	1.2	0.7
Finance costs	(12.2)	(42.9)	(91.8)
Foreign exchange	1.3	0.2	4.0
Other income/(expenses)	5.9	6.1	1.4
Revisions to decom – non-producing	-	-	1.1
Profit/(loss) before tax	26.1	5.8	(95.4)
Tax	(10.9)	(48.5)	(73.6)
Net profit/(loss)	15.3	(42.7)	(169.0)

EARNINGS PERFORMANCE DRIVEN BY HIGHER PRODUCTION AND STRONGER OIL PRICES

- › Total revenue of \$79 million, comprising of oil sales of \$78 million, gas sales of \$4 million and a realised derivative loss of \$3 million
- › Other income includes funds received in relation to Alba LOPI claim
- › Tax charge of \$11 million in Q3 2023 and \$49 million YTD, reflecting impact of the UK Energy Profits Levy

EBITDA WATERFALL

\$'M



FINANCIAL REVIEW - WALDORF PRODUCTION UK PLC (GROUP)

STATEMENT OF CASH FLOW

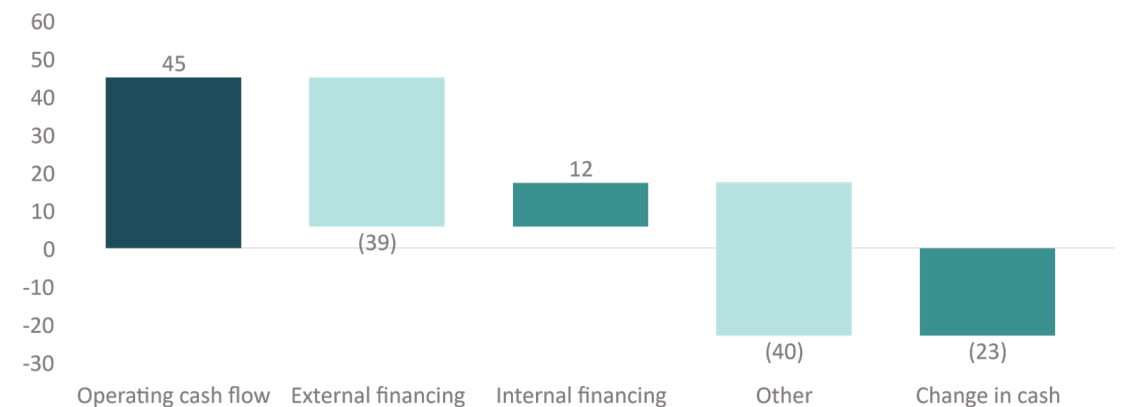
Cash flow Statement

\$'M	Q3 2023	9M 2023	FY 2022
Cash flow from Operating Activities			
Cash revenue	79.4	297.8	578.1
Hedging outflow	(6.8)	(15.7)	(15.0)
Operating cash expenditure	(27.6)	(123.6)	(163.8)
Cash generated from operating activities	45.0	158.5	399.2
Investing Activities			
Business combination	-	(138.7)	(77.2)
Purchase of PP&E	(0.9)	(3.5)	(30.8)
Net cash used in investing activities	(0.9)	(142.2)	(108.0)
Financing Activities			
Repayment of bonds	(25.0)	(75.0)	(100.0)
Payment of interest	(3.4)	(15.3)	(23.2)
Distributions	-	-	(76.0)
Restricted cash funding	-	-	(1.8)
Barclays working capital facility	(15.6)	(4.9)	27.8
Shell credit facility	(14.3)	(24.2)	(9.0)
Intercompany funding	11.6	99.6	-
Payment of lease liabilities	(20.4)	(60.9)	(77.1)
Net cash generated from/(used in) financing activities	(67.1)	(80.7)	(259.2)
Net increase / (decrease) in cash	(23.0)	(64.4)	32.0
Unrestricted cash at the beginning of period	43.9	85.3	53.3
Unrestricted cash at the end of period	20.9	20.9	85.3

OPERATING CASH FLOW IN Q3 IMPACTED BY Q2 PRODUCTION ISSUES

- › Bond and short-term credit facility repayments totalling \$39 million in Q3 2023
- › Net reduction in cash of \$23 million in Q3 2023, \$21 million of unrestricted cash at 30 Sept 2023
- › Undrawn Shell credit facility provides additional potential liquidity

CASH FLOW WATERFALL



FINANCIAL REVIEW - WALDORF PRODUCTION UK PLC (GROUP)

STATEMENT OF FINANCIAL POSITION

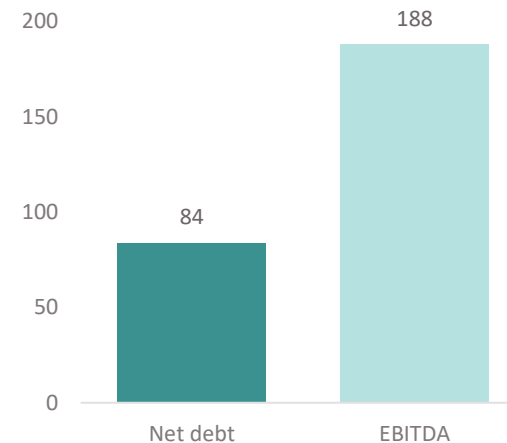
Assets			Liabilities and equity		
\$'M	Sep-23	Dec-22	\$'M	Sep-23	Dec-22
Cash and cash equivalent	20.9	85.3	Trade and other payables	29.8	44.0
Restricted cash	62.8	101.8	Overlift	3.2	26.7
Trade and other receivables	6.7	54.2	Accruals	19.8	28.1
Underlift	53.6	20.3	Bonds	100.0	100.0
Inventory and cash (JV)	12.1	10.6	Contingent payment	59.0	134.4
Intercompany receivables	26.2	114.8	Derviative financial instruments	-	15.7
Derviative financial instruments	-	2.8	ARO Liability (S/T)	-	1.2
Other current assets	43.4	3.9	FPSO Liability (S/T)	79.5	81.3
Current assets	225.7	393.5	Current tax	92.1	51.0
Oil and Gas properties	672.9	820.5	Other current liabilities	22.9	27.7
Investments	43.7	38.8	Current liabilities	406.3	510.0
Non-current assets	716.6	859.2	ARO Liability	294.0	294.9
			Contingent payment	46.2	101.0
			Deferred Tax	57.4	57.4
			FPSO Liability	172.6	211.0
			Bonds	-	75.0
			Non-current liabilities	570.2	739.2
Total assets	942.2	1,252.7	Equity	(34.3)	3.5
			Total liabilities and equity	942.2	1,252.7

ROBUST BALANCE SHEET, CONTINUED COMPLIANCE WITH BOND COVENANTS

- › Net debt (as defined in bond covenants) of \$84 million at 30 Sept 2023, slightly higher than at the end of Q2 2023
- › Continued compliance with Bond leverage and liquidity covenants

COVENANTS

\$'M



Net debt to EBITDA

The ratio of total net debt to EBITDA should at all times be less than 2.00:1

Q3 2023: 0.44 times

Liquidity

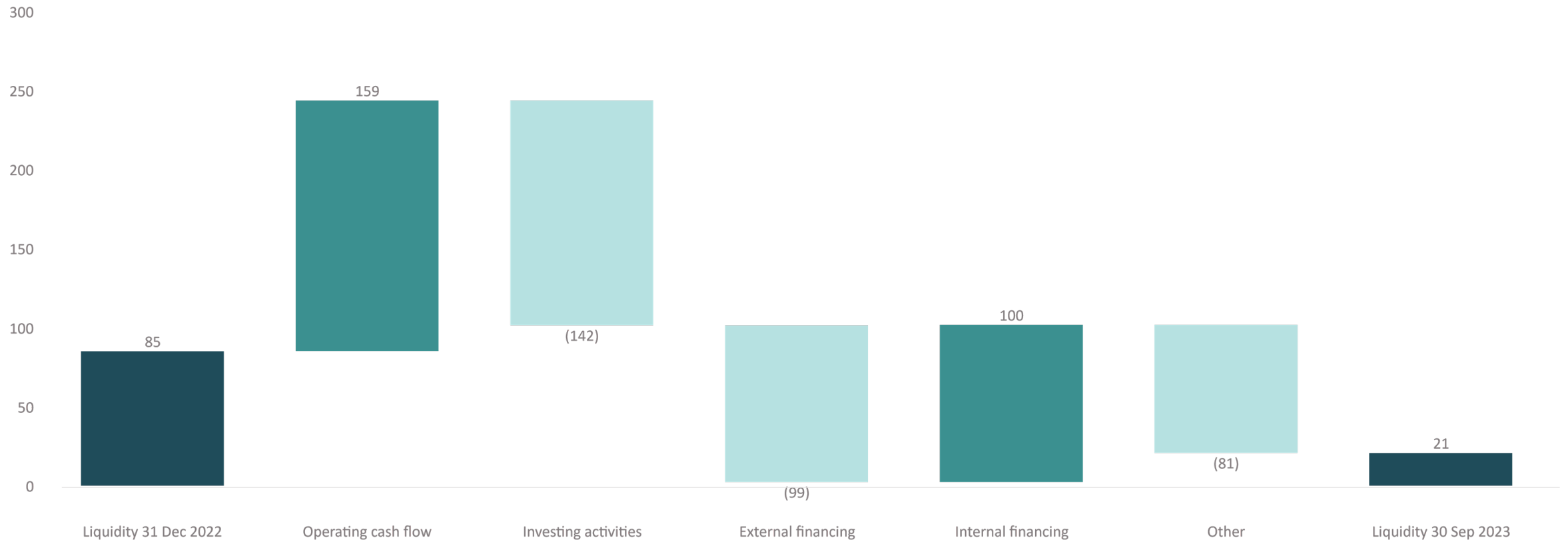
Liquidity should at all times not be less than \$20 million

Q3 2023: \$21 million

FINANCIAL REVIEW – WALDORF PRODUCTION UK PLC (GROUP)

CASH FLOW WATERFALL

\$'M



WALDORF PRODUCTION OUTLOOK

SUMMARY AND OUTLOOK



Good operational performance

- › Higher Q3 2023 production, recent operational challenges at Catcher and Kraken resolved
- › Planned Catcher shutdown in October completed safely and on time
- › Scott infill well due onstream in December, Alba infill well current drilling



Stable financial position

- › Continued compliance with Bond covenants
- › Decommissioning security top-up payments of £69 million in Q4 2023 fully funded
- › Focused on enhancing near term cash flow



Delivery of 2023 targets

- › Full year 2023 production guidance narrowed to 22-23 kboepd
- › Working with operators to finalise plans for 2024
- › Actively evaluating growth opportunities in the UK North Sea





WALDORF
PRODUCTION

WALDORF PRODUCTION

+44 1224 202850

40 Queens Road
Aberdeen
AB15 4YE
United Kingdom

www.waldorf-production.com