

WALDORF PRODUCTION

FY 2023 RESULTS



WALDORF
PRODUCTION

1 March 2024



www.waldorf-production.com

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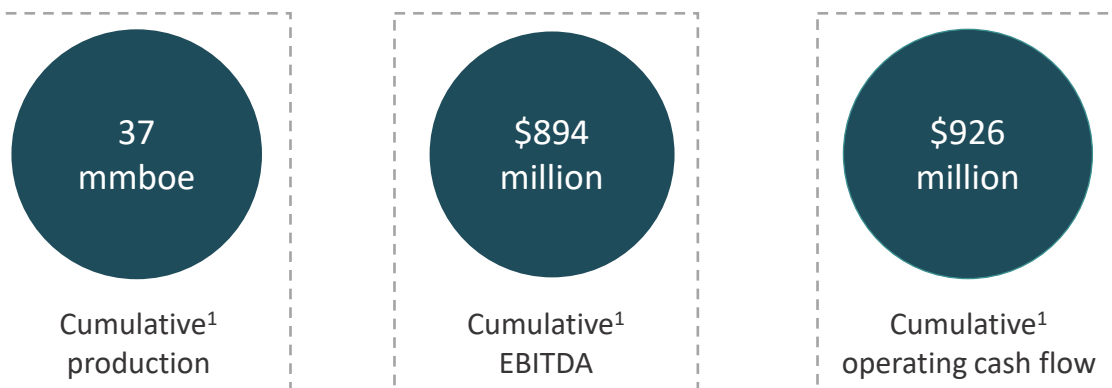


INTRODUCTION

WALDORF PRODUCTION INTRODUCTION

INTRODUCTION

- › Waldorf Production is a private oil & gas company with a diversified portfolio of producing assets in the UK
- › The Group is backed by long-term owners, including material stakes held by management and directors
- › Since inception in 2018, Waldorf has completed six acquisitions adding 68 mmboc of 2P reserves
- › Focus on lower risk production or near-production assets, with strong near-term cash flow, short pay-back and low near-term decommissioning liabilities
- › M&A strategy leveraging changing market fundamentals and ownership structures, UK tax loss position gives a competitive edge and higher potential returns
- › Acquisitions have been funded through the issue of a \$300 million bond in 2021 and a \$150 million bond in 2023, with \$225 million repaid by the end of 2023



¹ Until year end 2023

Financial framework

- › Investment targeting lower risk diversified portfolio of assets, offering near-term cash flow generation
- › Maintain financial strength and conservative leverage profile
- › Active risk management through hedging and conservative budgeting

Geographic focus

- › Ambition to further build our North Sea portfolio with a core focus on the UKCS
- › Leveraging shift in market and ownership structures as larger oil companies reduce North Sea exposure
- › Selected and step wise international expansion

Operational gains

- › Deliver incremental reductions in carbon emissions
- › Extend field life through infill/near field drilling and cost optimization
- › Active approach towards JV operators, focused on cost optimisation and enhancing financial robustness

M&A

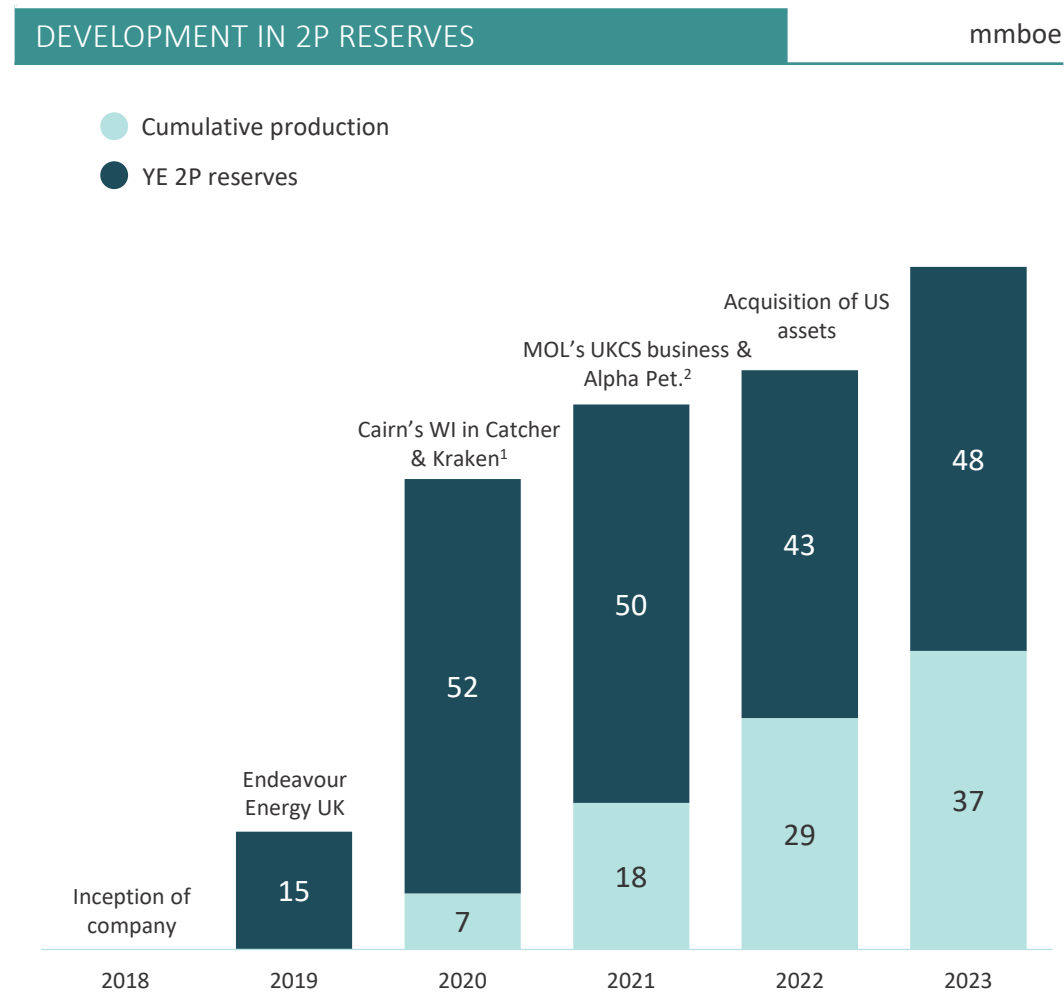
- › Conservative approach to M&A – focusing on assets with robust economics and cash flow
- › Strict focus on short payback time, capital discipline and value creation
- › Capitalise on UK tax loss position

TRACK RECORD OF DELIVERING GROWTH THROUGH ACQUISITIONS

2019	2021	2022	2022
			
<p>› ENDEAVOUR ENERGY UK Assets include the producing fields Alba, Bittern, Bacchus and Enoch, and the Columbus field development</p>	<p>› CATCHER AND KRAKEN \$455 million acquisition of the Catcher and Kraken producing oil fields from Cairn Energy in the UK adding 37.4 mmboe of 2P reserves</p>	<p>› US GULF OF MEXICO International add-ons. Stonefly & Praline asset acquisition and overriding royalty interest acquisition from Selenite. › US assets sold in Nov 2023</p>	<p>› MOL AND ALPHA \$305 million acquisition of MOL's UKCS business added 13 kboepd of 2021 production from Catcher, Scott & Telford and Scolty Crathes › Acquisition of Alpha Petroleum added contingent resources of 50 MMbbls of oils and 120 Bcf of gas</p>

All acquisitions have been production focused with credit friendly characteristics in the OECD region. Selective development exposure – participated in one development to date with five months payback

	6 Acquisitions completed since 2019		68 2P reserves acquired (mmboe) ¹
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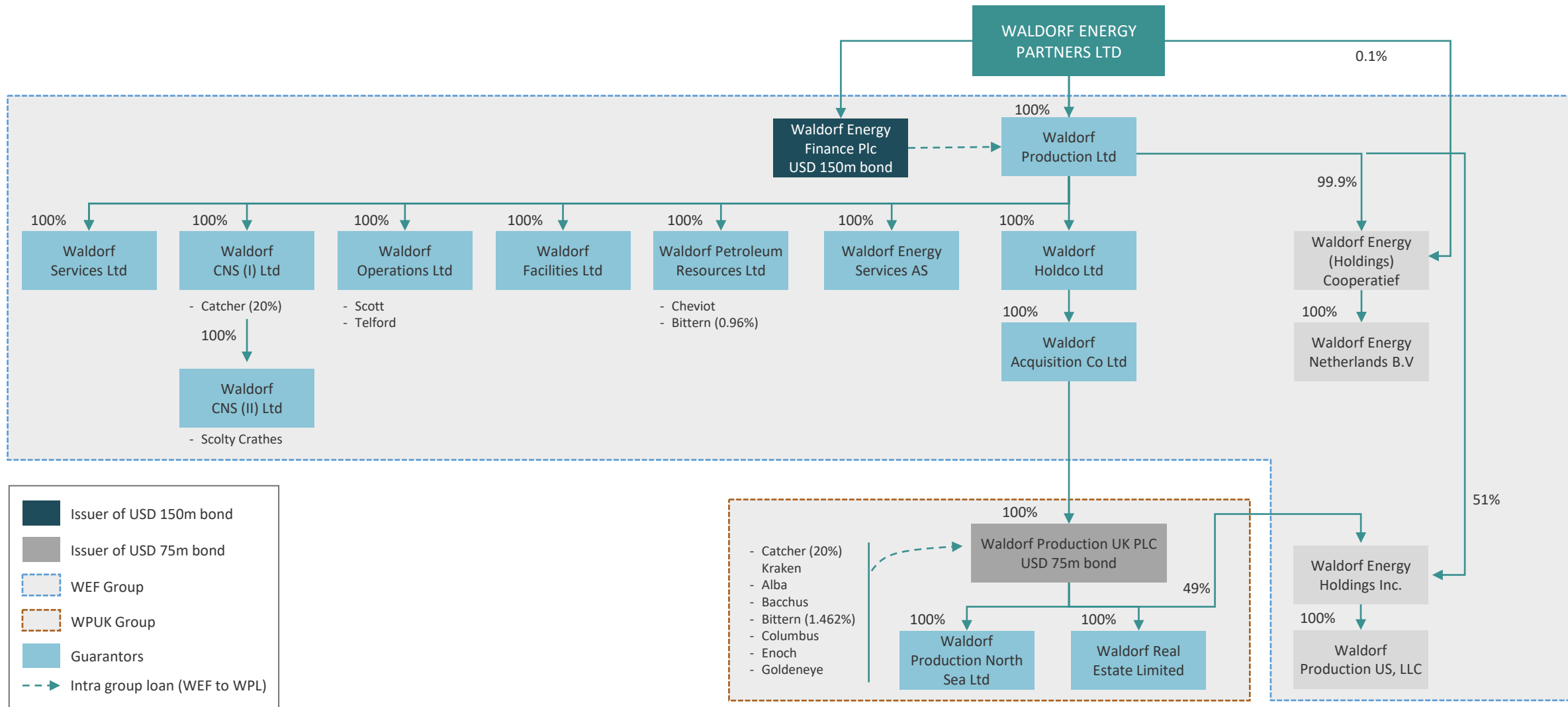


¹ Completed in 2021 with effective date 1 January 2020

² Completed in 2022 with effective date 1 January 2021 for MOL's UKCS business and 31 December 2021 for Alpha Petroleum

WALDORF BOND STRUCTURE

OUTSTANDING BONDS OF \$225 MILLION





FY 2023 RESULTS

WALDORF PRODUCTION FY 2023 HIGHLIGHTS

KEY HIGHLIGHTS

Good operational performance

- › FY Group production¹ of 22.5 kboepd, in line with guidance, reflecting natural decline, planned shutdowns and temporary issues at key assets
- › Significant increase in Group 2P reserves to 48.0 mmboe, 187% reserves replacement ratio in 2023
- › Group production guidance for 2024 of 20-22 kboepd, reflecting natural decline, planned shutdowns and disposal of Columbus field

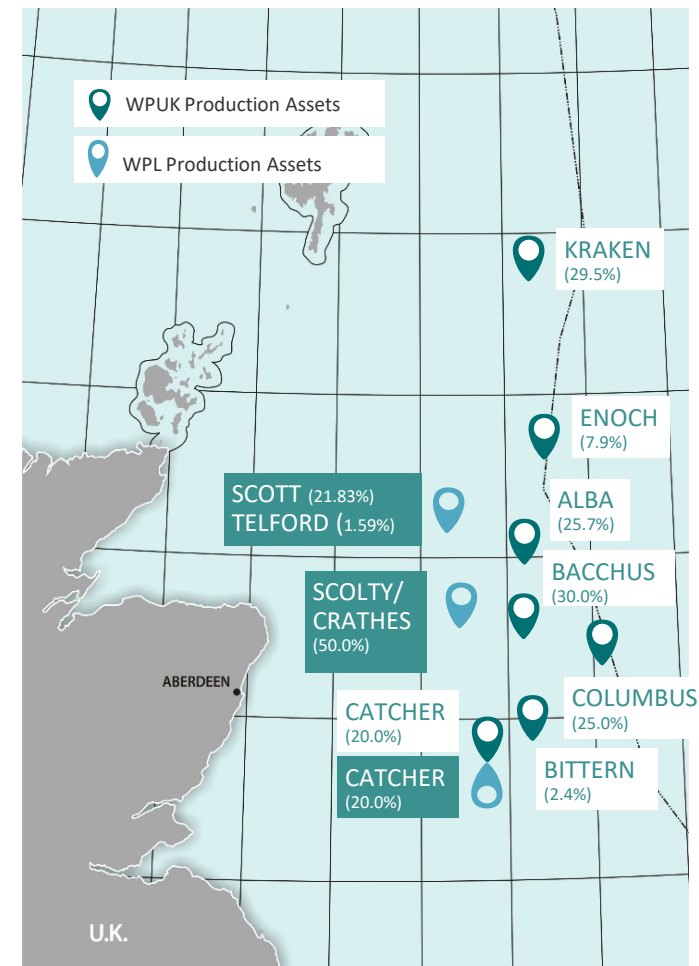
Robust financial performance

- › Group EBITDA of \$442 million and Group operating cash flow of \$447 million, supported by tight cost control and robust oil prices
- › Group net debt of \$399 million and Group unrestricted cash of \$74 million at year end
- › Net debt to EBITDA ratios and liquidity within bond covenants, expect to be comfortably placed for liquidity in 2024 given options available

Continuing to improve near-term liquidity

- › Settlement of Capricorn earn-out and divestment of Columbus field improve near-term liquidity position by c.\$50 million
- › Agreement to defer MOL payments originally due in December 2023 and February 2024
- › Follows on from the US disposal and Dana/TAQA settlements

FY 2023		FY 2022
Production¹		
22.5 kboepd	▼	29.6 kboepd ²
Opex		
\$36/boe	■	\$36/boe
Operating cash flow		
\$447 million	▼	\$504 million
EBITDA		
\$442 million	▲	\$340 million
Unrestricted cash		
\$74 million	▼	\$99 million
Net debt/EBITDA		
0.90 times	▲	0.82 times



¹ Excludes US production ² Prior year comparative includes acquired asset production for entire year

OPERATIONS

GOOD OPERATIONAL PERFORMANCE

CATCHER



- › Good operational performance in 2023, despite temporary outage in June
- › Material increase in 2P reserves in 2023
- › Working with the operator to finalise drilling plans for 2025, long lead items ordered
- › Rig contract award expected in Q1 2024

OTHER ASSETS



- › Recent infill well at Scott performing well, further well due to start-up in H2 2024
- › Restart of water injection at Alba delayed until March 2024, currently producing from small number of wells
- › Further optimisation of decommissioning plan with 10-well programme scheduled for 2025

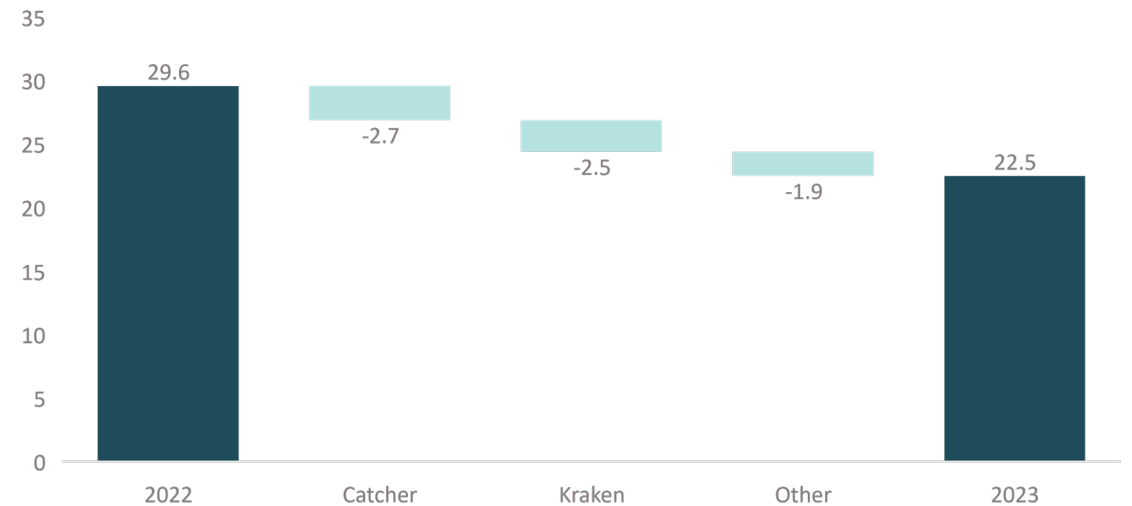
KRAKEN



- › Maintained high uptime following return to full production in August
- › Loss of production insurance income expected to be received in Q1 2024
- › Operator continuing to evaluate possible infill locations ahead of drilling in 2025

FY 2023 PRODUCTION¹ WATERFALL

kboepd

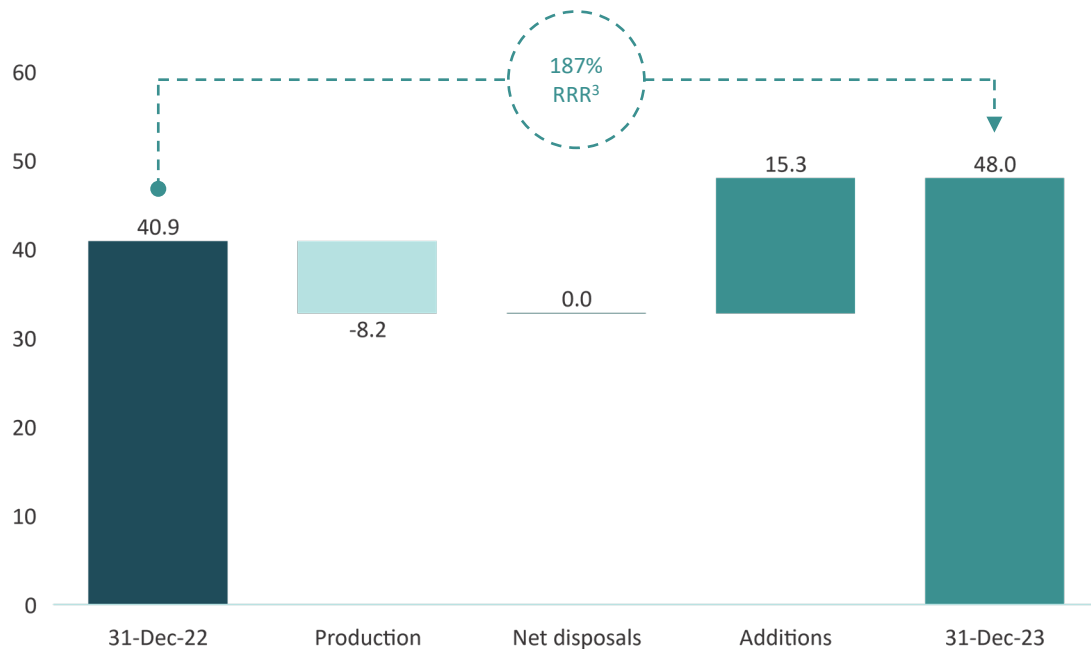


¹ Excludes US production

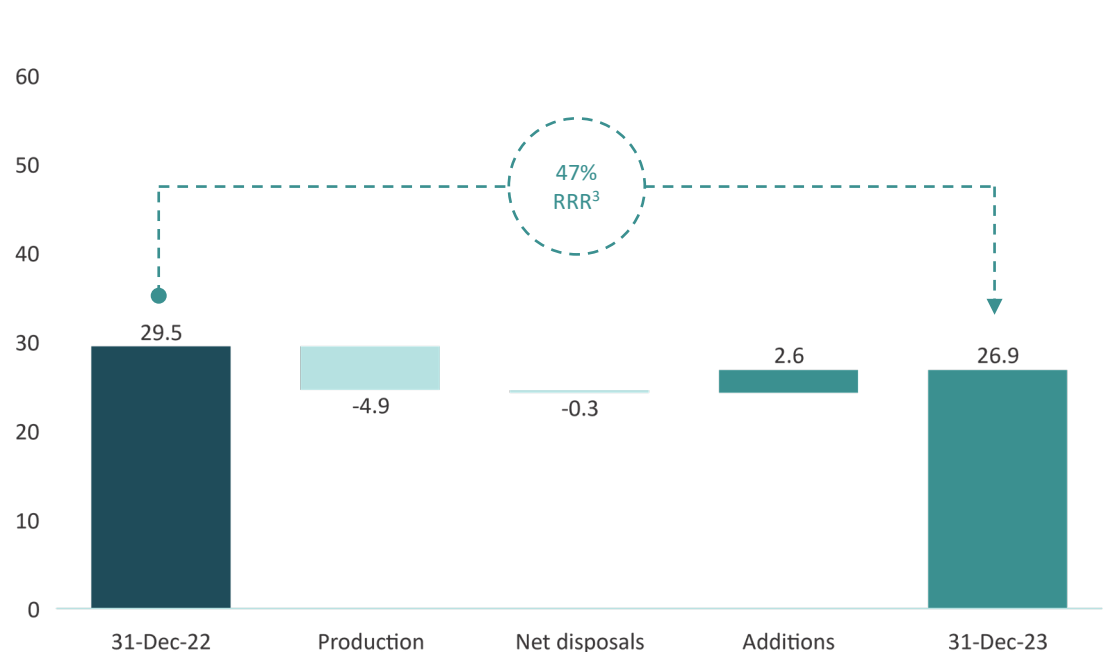
2P RESERVES

SUBSTANTIAL INCREASE IN GROUP 2P RESERVES

Waldorf Production Ltd ^{1,2,4} mmboe



Waldorf Production UK plc ⁴ mmboe



¹ Waldorf Production Ltd figures also includes reserves for Waldorf Production UK plc

² Excludes US assets

³ Reserves replacement ratio

⁴ Reserves numbers as prepared in Competent Persons Report

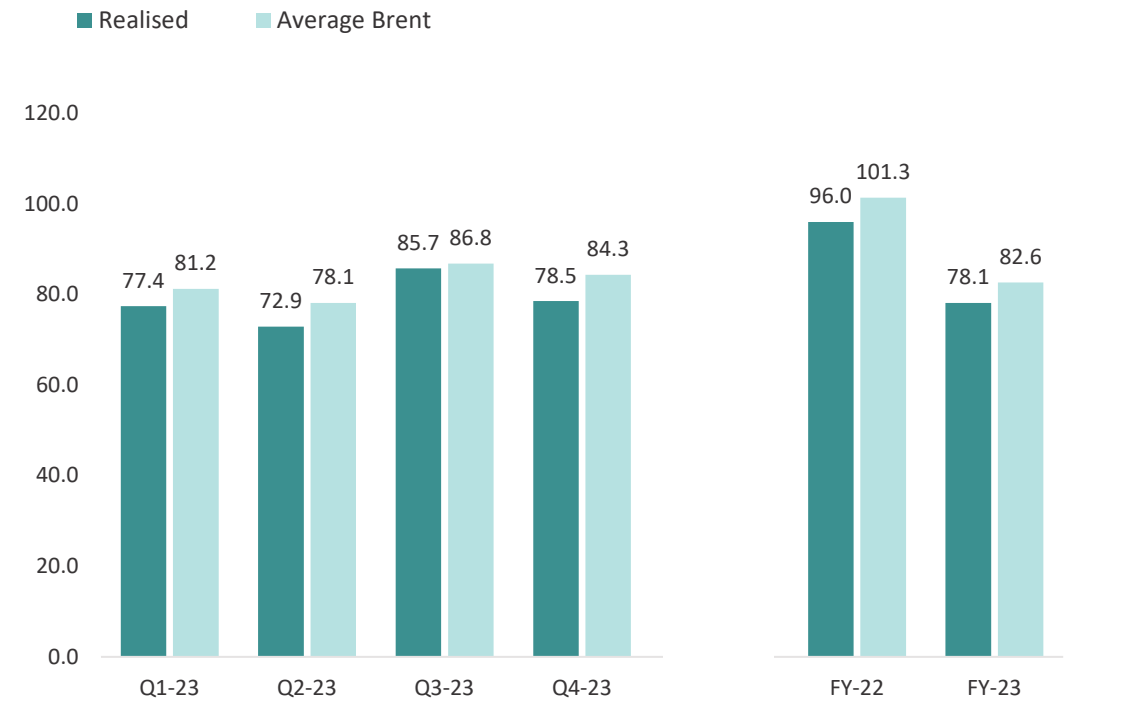
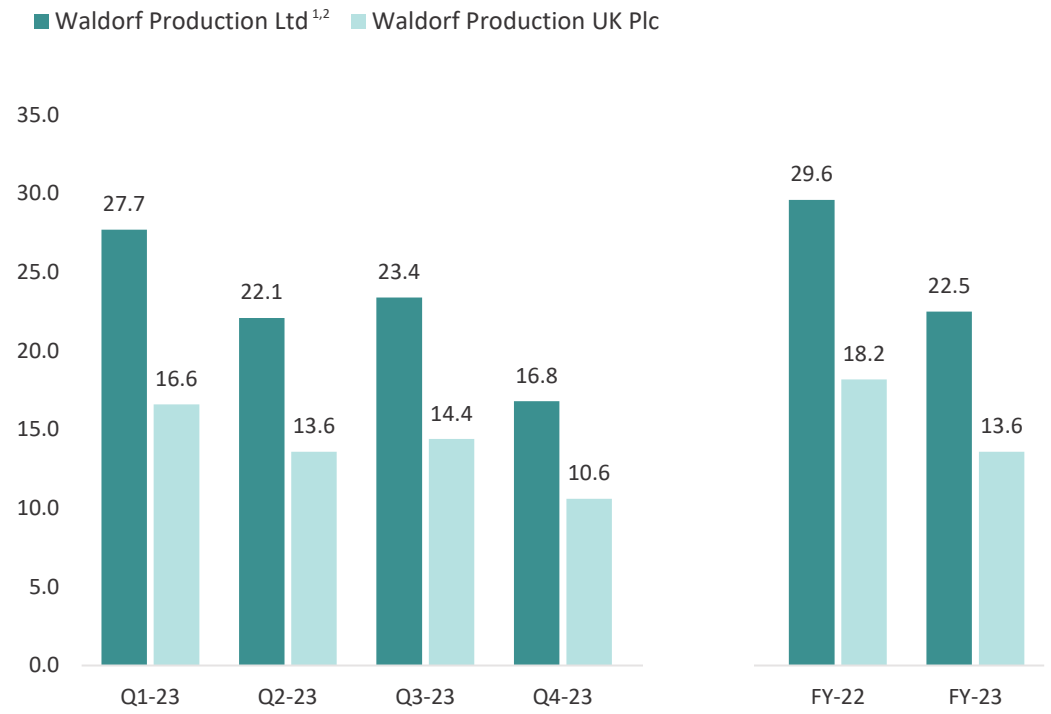
MACRO ENVIRONMENT

OIL PRICES STABILISING AROUND \$80/BBL



Production kboepd

Oil prices \$/bbl

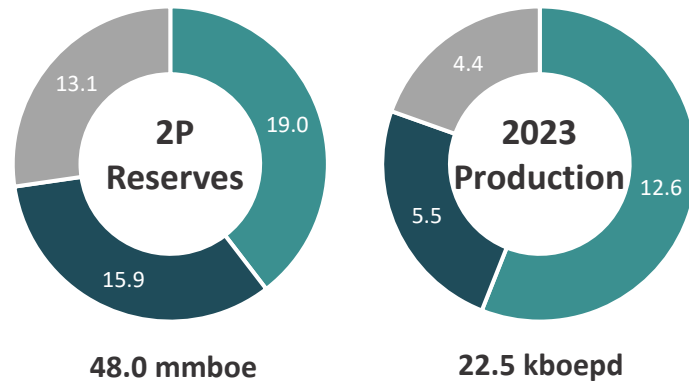


¹ Waldorf Production Limited figures also includes production for Waldorf Production UK plc
² Excludes US production

WALDORF PRODUCTION LTD (GROUP) TRADING UPDATE

Reserves and Production¹

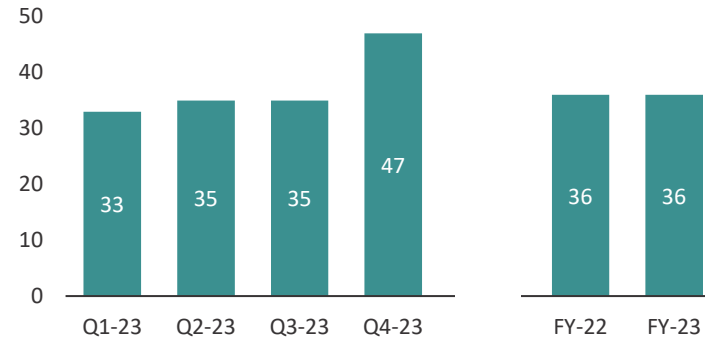
● Catcher ● Kraken ● Other



¹ Excludes US production

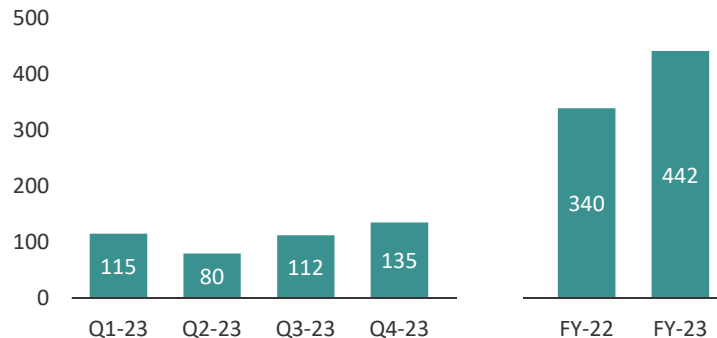
Operating costs

\$/boe



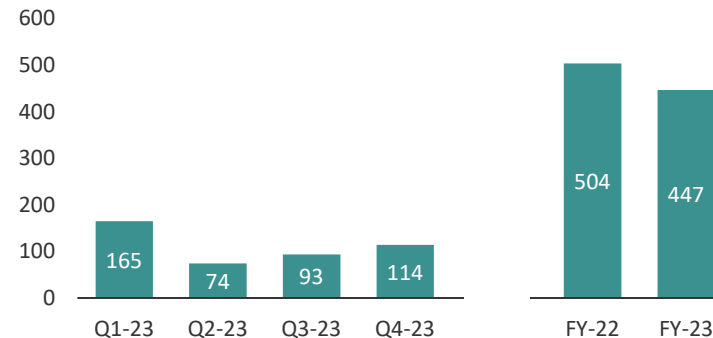
EBITDA

\$'M



Operating cash flow

\$'M



FY 2023 Highlights

- FY 2023 production of 22.5 kboepd, 7.1 kboepd lower than in 2022
- Opex unchanged at \$36/boe, but higher in Q4 due to lower production
- Increase in EBITDA to \$442 million driven by uplift in contingent consideration in the prior year
- Operating cash flow to \$447 million, down slightly due to lower production and weaker commodity prices
- Settlement of Capricorn earn-out and MOL deferral materially improves near-term liquidity position

FINANCIAL REVIEW – WALDORF PRODUCTION LTD (GROUP)

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income

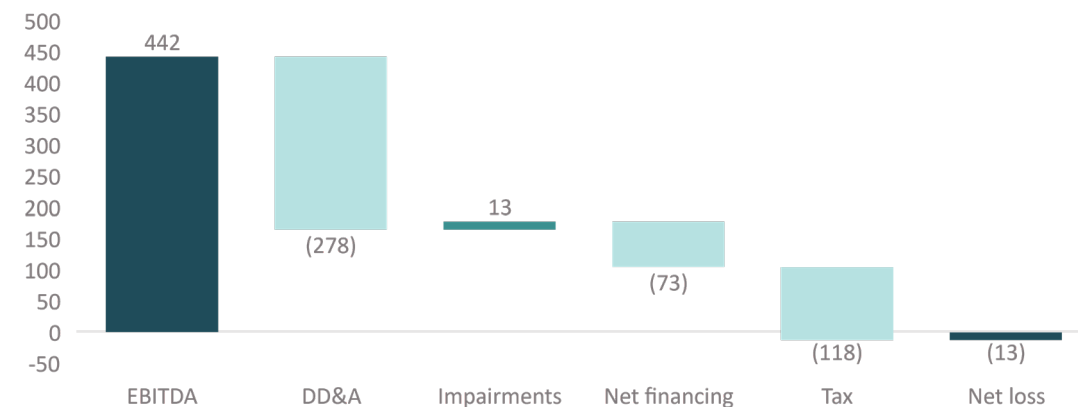
\$'M	FY 2023	FY 2022
Revenue	644.3	691.6
Cost of sales (excl. under/overlift)	(197.2)	(195.4)
Under/overlift	17.3	(7.6)
DD&A	(277.7)	(240.8)
Gross profit	186.7	247.6
PP&E impairments	14.4	(88.7)
Investment impairment	(1.3)	-
Loss on disposal of assets	(13.7)	-
Admin expenses	(28.8)	(36.3)
Change in contingent consideration	40.2	(91.2)
Operating profit	197.5	31.4
Finance income	16.1	1.4
Finance costs	(108.7)	(63.8)
Foreign exchange	19.7	7.5
Other income/(expenses)	(12.8)	-
Revisions to decom – non-producing	(7.2)	(11.2)
Gain on bargain purchase	-	(10.0)
Profit/(loss) before tax	104.5	(44.7)
Tax	(117.5)	(90.5)
Net loss	(13.0)	(135.3)

GOOD EARNINGS PERFORMANCE DESPITE HIGHER TAXES

- › Total revenue of \$644 million, comprising of oil sales of \$620 million, gas sales of \$30 million and a realised derivative loss of \$6 million
- › Impairment reversal of \$14 million in 2023, compared to a \$89 million charge in 2022
- › Loss on disposal of US business, with the assets providing strong cash flow prior to disposal
- › Change in contingent consideration mostly reflects revision of liability due to Capricorn settlement in 2023
- › Estimated tax charge of \$118 million in 2023, reflecting impact of the UK Energy Profits Levy

EBITDA WATERFALL

\$'M



FINANCIAL REVIEW – WALDORF PRODUCTION LTD (GROUP)

STATEMENT OF CASH FLOW

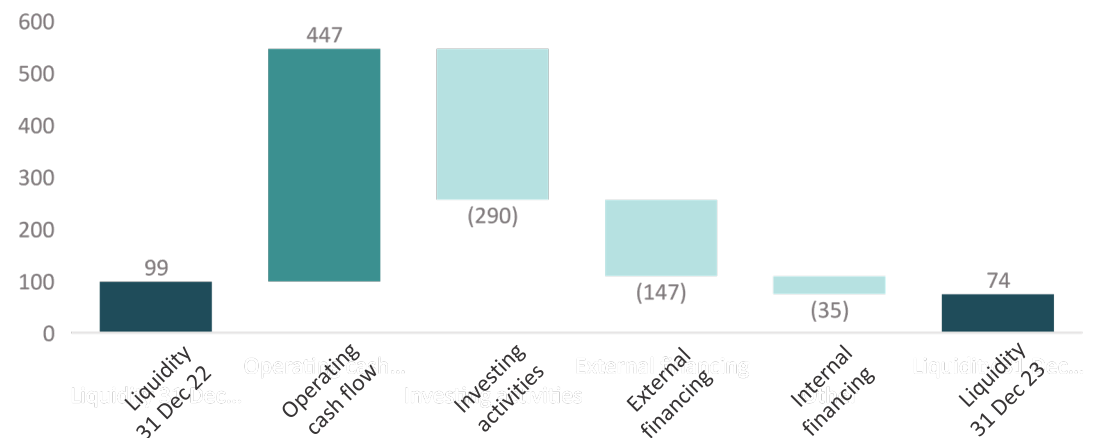
Cash flow Statement

\$'M	FY 2023	FY 2022
Cash flow from Operating Activities		
Cash revenue	669.3	691.6
Hedging outflow	(18.9)	(15.0)
Operating cash expenditure	(203.3)	(172.4)
Cash generated from operating activities	447.1	504.1
Investing Activities		
Business combination	(253.0)	(146.1)
Purchase of PP&E	(36.5)	(39.9)
Net cash used in investing activities	(289.5)	(186.0)
Financing Activities		
Repayment of bonds	(100.0)	(100.0)
New bond raise	139.7	-
Payment of interest	(34.1)	(23.2)
Distributions	-	(76.0)
Restricted cash funding	(89.6)	(18.3)
Barclays working capital facility	62.4	27.8
Shell credit facility	(46.6)	8.6
Intercompany funding	-	-
Payment of lease liabilities	(114.4)	(91.9)
Net cash generated from/(used in) financing activities	(182.5)	(272.9)
Net increase / (decrease) in cash	(24.9)	45.2
Unrestricted cash at the beginning of period	98.5	53.4
Unrestricted cash at the end of period	73.6	98.5

MAINTAINING STRONG OPERATING CASH FLOW

- › Operating cash flow of \$447 million in 2023, after cash taxes of \$9 million
- › Cash capex spend of \$37 million in 2023, slightly lower than in 2022
- › Business combination payments relate to Alpha, Capricorn and MOL transactions
- › Net reduction in cash of \$25 million in 2023, \$74 million of unrestricted cash available at 31 December 2023
- › Undrawn Shell credit facility provides additional potential liquidity

CASH FLOW WATERFALL



FINANCIAL REVIEW – WALDORF PRODUCTION LTD (GROUP)

STATEMENT OF FINANCIAL POSITION

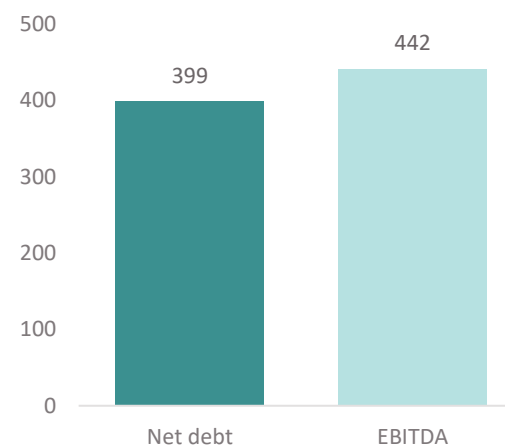
Assets			Liabilities and equity		
\$'M	Dec-23	Dec-22	\$'M	Dec-23	Dec-22
Cash and cash equivalent	73.6	98.5	Trade and other payables	28.0	97.6
Restricted cash	345.2	270.4	Overlift	9.7	27.5
Trade and other receivables	43.7	95.4	Intercompany payables	0.4	-
Underlift	23.9	24.2	Accruals	38.4	42.5
Inventory (JV)	18.5	17.1	Bonds	132.8	100.0
Intercompany receivables	-	48.6	Contingent payment	48.8	227.7
Derivative financial instruments	-	2.8	Deferred payment	51.2	45.0
Other current assets	26.8	2.0	Derivative financial instruments	1.1	15.7
Current assets	531.8	559.0	Provision for liabilities (S/T)	17.9	7.8
Oil and Gas properties	1,164.2	1,447.0	FPSO Liability (S/T)	61.1	87.7
Goodwill	87.7	89.0	Current tax	165.6	55.8
Other non-current assets	26.3	-	Other current liabilities	90.2	-
Non-current assets	1,278.3	1,536.0	Current liabilities	645.1	707.2
Total assets	1,810.1	2,095.0	Trade and other payables	6.1	0.5
			Provisions for liabilities	598.0	633.6
			Contingent payment	65.4	212.3
			Deferred payment	29.5	44.8
			Deferred tax	153.6	151.8
			FPSO Liability	310.7	335.5
			Bonds	93.7	72.2
			Non-current liabilities	1,257.0	1,450.7
			Equity	(92.0)	(62.9)
			Total liabilities and equity	1,810.1	2,095.0

ROBUST BALANCE SHEET, CONTINUED COMPLIANCE WITH BOND COVENANTS

- › Contingent payment liability related to Alpha and MOL transactions
- › Movements in restricted cash and contingent payments reflect Capricorn earn-out settlement and MOL deferral
- › Net debt (as defined in bond covenants) of \$399 million at 31 December 2023, decrease from \$406 million at the end of Q3 2023 due to bond repayments offset partially by an 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

31 Dec 2023: 0.90 times

Liquidity

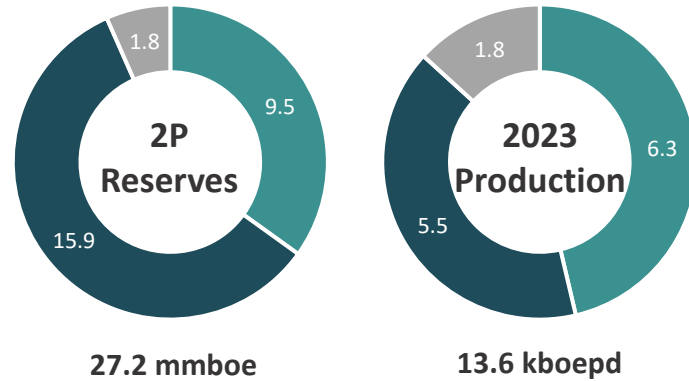
Liquidity should at all times not be less than \$20 million

31 Dec 2023: \$32 million

WALDORF PRODUCTION UK PLC (GROUP) TRADING UPDATE

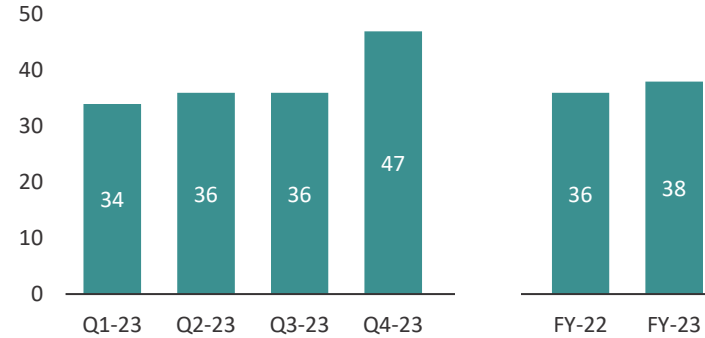
Reserves and Production

● Catcher ● Kraken ● Other



Operating costs

\$/boe

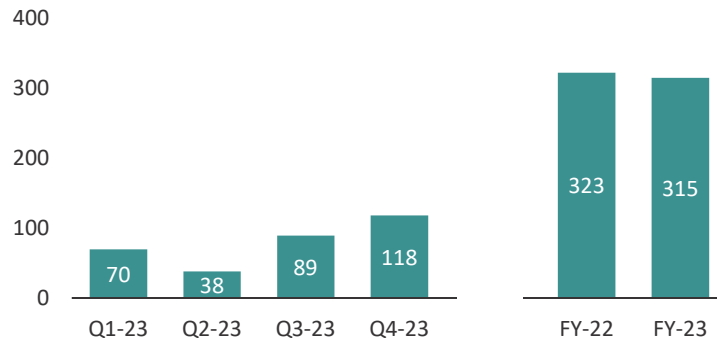


2023 Highlights

- 2023 production of 13.6 kboepd, down from 18.2 kboepd in 2022
- Opex slightly higher at \$38/boe due to lower production volumes
- EBITDA unchanged at \$442 million, as lower revenue balanced by positive change in contingent consideration
- Operating cash flow lower at \$224 million, due to weaker revenue
- Settlement of Capricorn earn-out improved near-term liquidity position

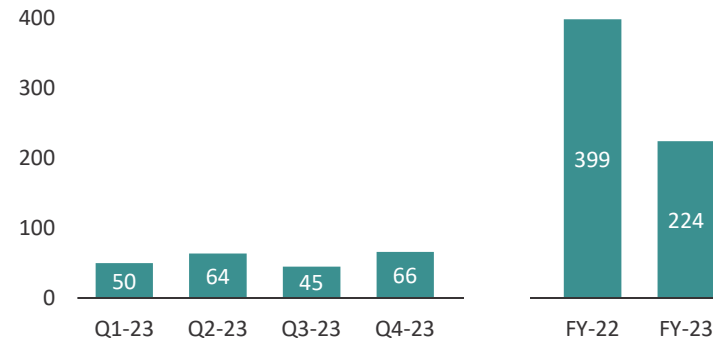
EBITDA

\$'M



Operating cash flow

\$'M



FINANCIAL REVIEW - WALDORF PRODUCTION UK PLC (GROUP)

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income

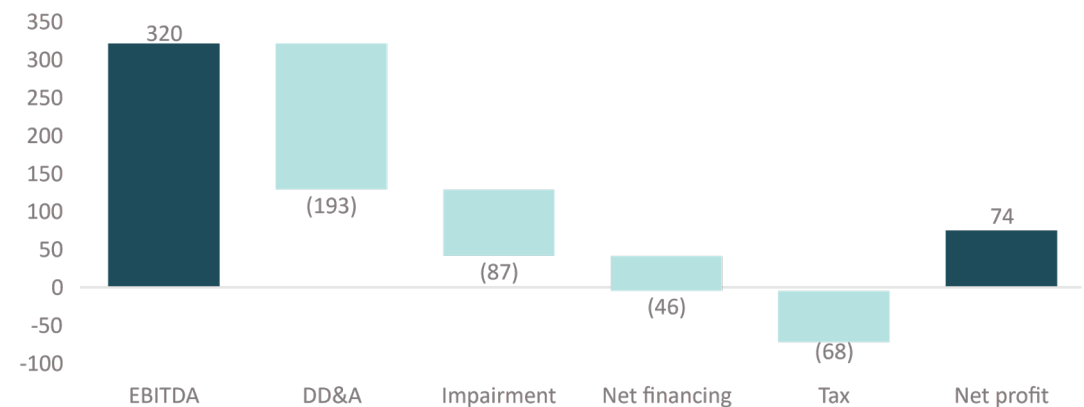
\$'M	FY 2023	FY 2022
Revenue	366.1	578.1
Cost of sales (excl. under/overlift)	(116.8)	(138.6)
Under/overlift	14.1	(0.6)
DD&A	(192.6)	(251.9)
Gross profit	70.8	187.0
PP&E impairments	(51.0)	(79.2)
Investment impairment	(36.3)	-
Gain on disposal of assets	3.0	-
Admin expenses	(13.3)	(30.3)
Change in contingent consideration	38.7	(88.3)
Operating profit/(loss)	12.0	(10.8)
Finance income	5.0	0.7
Finance costs	(56.7)	(91.8)
Foreign exchange	9.9	4.0
Other income/(expenses)	23.7	1.4
Revisions to decom - non-producing	(0.4)	1.1
Loss) before tax	(6.5)	(95.4)
Tax	(67.5)	(73.6)
Net loss	(74.0)	(169.0)

REVENUE DECLINE DRIVEN BY LOWER PRODUCTION AND SOFTER COMMODITY PRICES

- › Total revenue of \$366 million, comprising of oil sales of \$352 million, gas sales of \$20 million and a realised derivative loss of \$6 million
- › Change in contingent consideration mostly reflects revision of liability due to Capricorn settlement in 2023
- › Other income includes funds received in relation to Alba LOPI claim and dividends received from US business
- › Estimated tax charge of \$68 million in 2023, 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

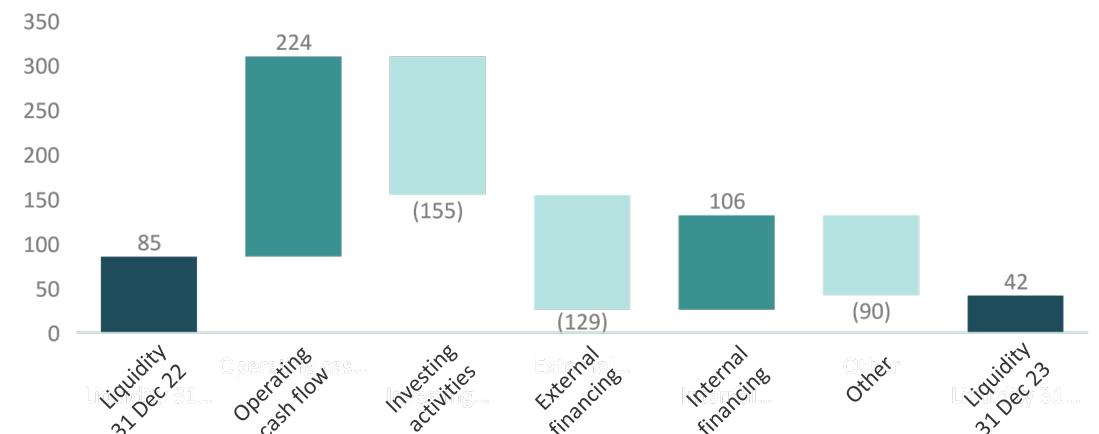
\$'M	FY 2023	FY 2022
Cashflow from Operating Activities		
Cash revenue	381.4	578.1
Hedging outflow	(18.9)	(15.0)
Operating cash expenditure	(138.1)	(163.8)
Cash generated from operating activities	224.4	399.2
Investing Activities		
Business combination	(138.7)	(77.2)
Purchase of PP&E	(16.4)	(30.8)
Net cash used in investing activities	(155.2)	(108.0)
Financing Activities		
Repayment of bonds	(100.0)	(100.0)
Payment of interest	(18.6)	(23.2)
Dividend paid	-	(76.0)
Dividend received	14.8	-
Restricted cash funding	(31.9)	(1.8)
Barclays working capital facility	26.8	27.8
Shell credit facility	(29.0)	(9.0)
Intercompany funding	106.3	-
Payment of lease liabilities	(81.3)	(77.1)
Net cash generated from/(used in) financing activities	(112.9)	(259.2)
Net increase / (decrease) in cash	(43.7)	32.0
Unrestricted cash at the beginning of period	85.3	53.3
Unrestricted cash at the end of period	41.7	85.3

STRONGER OPERATING CASH FLOW IN Q4

- › Bond and short-term credit facility repayments totalling \$129 million in 2023
- › Capricorn earn-out settlement includes \$48 million payment in December released from restricted cash
- › Net reduction in cash of \$44 million in 2023, \$42 million of unrestricted cash at 31 December 2023
- › Undrawn Shell credit facility provides additional potential liquidity

CASH FLOW WATERFALL

\$'M



FINANCIAL REVIEW - WALDORF PRODUCTION UK PLC (GROUP)

STATEMENT OF FINANCIAL POSITION

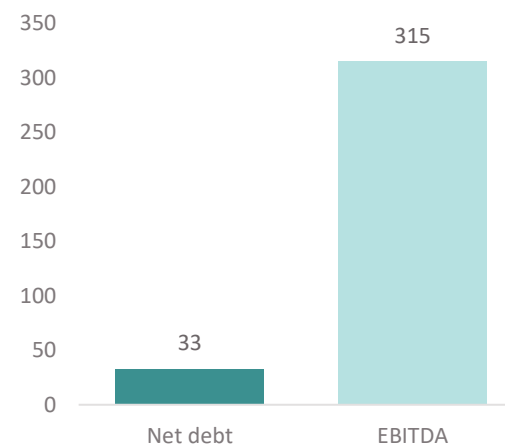
Assets			Liabilities and equity		
\$'M	Dec-23	Dec-22	\$'M	Dec-23	Dec-22
Cash and cash equivalent	41.7	85.3	Trade and other payables	7.9	44.0
Restricted cash	98.9	101.8	Overlift	9.6	26.7
Trade and other receivables	36.8	54.2	Intercompany payables	23.3	-
Underlift	17.3	20.3	Accruals	37.2	28.1
Inventory (JV)	11.7	10.6	Bonds	75.0	100.0
Intercompany receivables	-	114.8	Contingent payment	-	134.4
Derivative financial instruments	-	2.8	Deferred payment	1.9	-
Other current assets	19.3	3.9	Derivative financial instruments	1.1	15.7
Current assets	225.6	393.5	Provisions for liabilities	9.7	1.2
Oil and Gas properties	594.8	820.5	FPSO Liability	49.8	81.3
Investments	2.5	38.8	Current tax	109.6	51.0
Other non-current assets	26.3	-	Other current liabilities	54.5	27.7
Non-current assets	623.7	859.2	Current liabilities	379.7	510.0
Total assets	849.3	1,252.7	Provisions for liabilities	263.2	294.9
			Contingent payment	-	101.0
			Deferred payment	19.0	-
			Deferred Tax	58.5	57.4
			FPSO Liability	199.4	211.0
			Bonds	-	75.0
			Non-current liabilities	540.1	739.2
			Equity	(70.5)	3.5
			Total liabilities and equity	849.3	1,252.7

ROBUST BALANCE SHEET, CONTINUED COMPLIANCE WITH BOND COVENANTS

- › Net debt (as defined in bond covenants) of \$33 million at 31 December 2023, significantly lower than at the end of Q3 2023
- › Reduction in restricted cash and contingent payment related to the Capricorn earn-out settlement. No further requirement to maintain cash collateral for Kraken FPSO charter payments
- › 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

31 Dec 2023: 0.11 times

Liquidity

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

31 Dec 2023: \$42 million

WALDORF PRODUCTION OUTLOOK

SUMMARY AND OUTLOOK



Good operational performance in 2023

- › Good operational performance, with production in line with guidance
- › Significant increase in 2P reserves underlines quality and value within portfolio
- › Focused on growth opportunities at Catcher, Kraken and Scott



Strengthened financial position

- › Continued compliance with Bond covenants
- › Maintaining financial discipline, hedged 1.6 mmbbls for 2024 at \$60/bbl
- › Capricorn and MOL agreements improve near-term liquidity



Outlook for 2024

- › Full year 2024 production guidance of 20-22 kboepd
- › Guidance for capex of \$10/boe and opex of \$40-45/boe in 2024
- › Further portfolio optimisation anticipated in 2024, including potential asset sales and acquisitions





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