

Corporate and Financial Update

ISSUER

WALDORF PRODUCTION UK PLC

5 February 2025

Waldorf Production UK plc (the "**Company**") is pleased to announce its entry into a lock-up agreement (the "**Lock-Up Agreement**") and the issuance of a practice statement letter (the "**PSL**") in connection with a proposed financial restructuring of the Company and its subsidiaries (the "**Group**") (the "**Restructuring**").

The Lock-Up Agreement documents an agreement reached in principle with the SteerCo (as defined below) regarding a solution to address certain liabilities of the Company and give it a more appropriate debt service and maturity profile for its business. The PSL constitutes formal notice to the holders of the Bonds (as defined below) and other affected creditors of the Company of its intention to implement the Restructuring by way of a restructuring plan under Part 26A of the Companies Act 2006. The execution of the Lock-Up Agreement and the issuance of the PSL represent positive steps forward for the implementation of the Restructuring and the long-term future of the Company.

Lock-Up Agreement

The Company, in its capacity as issuer of senior secured bonds with ISIN NO0011100935 and super senior bonds with ISIN NO0013280206 (together, the "**Bonds**"), has entered into the Lock-Up Agreement with, among others, (i) certain other members of the Group and the broader Waldorf Group; and (ii) a steering committee of certain holders of the Bonds (the "**SteerCo**") representing approximately 84% of the outstanding principal amount thereof.

The SteerCo's entry into the Lock-Up Agreement is evidence of its members' continued support for the Company, the broader Waldorf Group and the Restructuring. The intention is that the Restructuring will be implemented via, amongst other things, an English law restructuring plan, pursuant to Part 26A of the Companies Act 2006, which has been launched by the Company via the issuance of the PSL (as described below).

Under the terms of the Lock-Up Agreement, the parties thereto have agreed to cooperate with a view to implementing the Restructuring. The Lock-Up Agreement includes, among other things:

- (i) customary undertakings to facilitate and implement the Restructuring on the terms set forth in the Lock-Up Agreement;
- (ii) certain limitations on the participating holders of the Bonds in respect of any transfers of any of their Bonds which are subject to the Lock-Up Agreement (including that any transferee is or agrees to be bound by the terms of the Lock-Up Agreement);
- (iii) an agreement that the implementation documents shall provide for customary liability releases;
- (iv) customary mutual releases with respect to actions taken in connection with the Restructuring and actions prior to completion of the Restructuring;
- (v) an agreement from the participating holders of the Bonds to provide, at the request of the Company, certain waivers and instructions to the Bond Trustee (as defined below) in order to facilitate the Restructuring;
- (vi) an agreement from the participating holders of the Bonds to vote in favour of the Plan (as defined below) and a confirmatory amendment of the terms of the Bonds on corresponding terms;
- (vii) that holders of the Bonds who were original parties to the Lock-Up Agreement or who accede to it within 14 calendar days of the date hereof shall be entitled to an early bird fee in an amount equal to 1.00% of the aggregate principal amount of the eligible Bonds, to be payable in the form of an issuance of further Bonds on completion of the Restructuring; and

- (viii) certain termination events, including where the Restructuring has not completed by an agreed long-stop date.

The implementation of the Restructuring remains subject to (among other things) the negotiation, agreement and execution of necessary implementation documentation and the satisfaction of certain conditions precedent, including approval of the Plan (as defined below) by the relevant Plan Creditors (as defined below) and its sanction by the English Court. Further details are set out below.

The Lock-Up Agreement is being made available for accession to all holders of the Bonds. The Company encourages holders of the Bonds that are not already party to the Lock-Up Agreement to accede to the Lock-Up Agreement by completing an accession agreement in the form appended as a schedule to the Lock-Up Agreement (and which will be available via the Plan Website (as defined below)).

Holders of the Bonds should contact Kroll Issuer Services Limited (the "**Lock-Up Agent**") at waldorf@is.kroll.com for details of how to obtain a copy of, and accede to, the Lock-Up Agreement.

PSL

The Company announces today its intention to use a restructuring plan under Part 26A of the Companies Act 2006 (as amended) (the "**Plan**") to implement the Restructuring in the manner contemplated by the Lock-Up Agreement. The PSL has been issued to those creditors of the Company who are affected by the plan (the "**Plan Creditors**"), being the Bond Trustee, the holders of the Bonds, Capricorn Energy plc and His Majesty's Revenue & Customs.

The purpose of the PSL is, amongst other things, to provide information on the objectives which the Plan is designed to achieve, communicate the Company's intention to formally propose the Plan to the Plan Creditors and confirm that the Company intends to apply to and appear before the High Court of Justice of England and Wales on or around 5 March 2025 for orders granting permission to convene a meeting of each class of Plan Creditors for the purpose of considering and, if thought fit, approving the Plan.

The Company is proposing the Plan in order to implement, among other things:

- (i) certain amendments to the terms of the Bonds, including: (a) an extension of the maturity date to 31 May 2027; (b) the introduction of an excess cash sweep mechanism requiring cash to be applied in mandatory early redemption of the Bonds; and (c) amendments to certain covenants in relation to minimum liquidity and the inclusion of a new covenant requiring a sales process in respect of the Company following an agreed restructuring effective date; and
- (ii) the compromise of certain liabilities owed to Capricorn Energy plc and His Majesty's Revenue & Customs in exchange for consideration comprising: (a) cash payments upon an agreed restructuring effective date; and (b) certain "upside-sharing payments".

No liabilities owed by the Company or any member of the Group pursuant to any joint operating agreement or decommissioning security agreement are intended to be compromised as part of the Plan. The Company intends that all of its operating creditors will continue to be paid in the ordinary course of its business.

Further details on the Plan and the proposed terms are contained in the PSL, which the holders of the Bonds and other affected creditors are encouraged to review.

Next Steps

The Company is targeting a completion date for the Restructuring as soon as possible, and no later than May 2025. The Company will continue working with all relevant key stakeholders with a view to completing the transaction as soon as possible. Further announcements and updates in relation to the transaction will be provided to investors in due course.

Questions

Copies of the Lock-Up Agreement and the PSL are available to holders of the Bonds and can be accessed via a website administered by the Bond Trustee (the "**Plan Website**"). Please contact the Bond Trustee at laerum@nordictrustee.com (with a copy to Advokatfirmaet BAHR AS (wildcat@bahr.no)) to access the Plan Website.

Plan Creditors with questions in relation to the Lock-Up Agreement may contact Kroll Issuer Services Limited as Lock-Up Agent.

Plan Creditors with questions in relation to the PSL or the Restructuring may contact either Interpath Ltd or White & Case LLP.

Daiwa Corporate Advisory Limited and Milbank LLP in their capacity as financial and legal advisers to the holders of the Bonds will hold calls with the holders of the Bonds to provide a comprehensive update on the terms of the Restructuring and the next steps required in connection with the Plan. Holders of the Bonds should contact Daiwa Corporate Advisory Limited and Milbank LLP for further details.

For further information, please contact:

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