

## CHAIR'S STATEMENT



**Craig van der Laan**  
Chair

Looking back over the year since the new Board was appointed in February 2023, I am pleased to report that we have taken significant steps forward and brought about positive change in the business, strongly focused on and aligned with our shareholders' expectations.

In last year's Annual Report, I outlined five areas of strategic focus, namely: capital returns, cost savings across the business, scaling back and exiting non-core operations, maximising value from Egypt and driving cultural change across Capricorn. I am proud that we have tackled these areas head on and made decisive progress in all these areas. During 2023, we returned approximately \$568m in capital to shareholders; we delivered significant cost savings through a right sizing of the organisation; we either exited or reached the final stages of exiting all our non-core positions outside Egypt; and we instilled into the organisation a culture change focused on shareholder value and capital discipline. Our projected run rate for general and administrative (G&A) costs is now significantly lower than in 2022, and we continue to drive for opportunities to lower these costs even further.

While the progress and fundamental transformation delivered during the year is pleasing, we have not achieved all of our goals and continue to work in a steadfast manner to unlock the unrealised value in our business.

Our strategy looking ahead remains the same as we set out at the beginning of 2023 – to deliver shareholder returns by maximising value from our Egypt assets whilst managing costs and seeking to capture value from the Company's legacy positions in Senegal and the UK North Sea.

Egypt remains an attractive sector for oil and gas companies to operate, with a government that is open to constructive relationships with the industry. As a cash flow-focused, agile energy producer, we are committed to continuing to develop opportunities for value creation from our Egyptian assets, bringing to bear the extensive expertise of the new

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management team, with rigorous capital and financial management focused on optimising returns to shareholders. In light of the Board's focus on strong cost control, the Company has made it clear that investment into our Egyptian assets will be reflective of the value and particularly the cash that those assets produce.

We will continue to deepen our relationships with our Partner in Egypt, Cheiron, who operates our joint venture interests and activities in the BADR Petroleum Company (Bapetco), with the aim of ensuring that together we achieve the most effective management of the asset. This alignment is enabling us to present a cohesive and achievable proposal in our regular discussions with the Egyptian Government to improve the terms and pricing of our jointly owned production sharing contract, better positioning us with regard to improving payments. We look forward to updating shareholders on any developments that come from these discussions in due course.

The new Board was appointed by shareholders to provide a clean slate from which to rebuild and enact change across Capricorn. With this in mind, we welcomed Randy Neely as Chief Executive Officer. Randy's extensive experience of operating in Egypt and running a low-cost organisation make him the ideal candidate to lead the Company. Randy has already made a significant contribution since joining in June 2023, identifying 30% in additional cost savings around the structure of the business. Reinforcing the Board's focus on Egypt, at the Company's Annual General Meeting (AGM) in June 2023, we announced that Hesham Mekawi, who joined the Board in February 2023, had been appointed as Non-Executive Deputy Chair. Hesham is an Egyptian national, resident in Cairo,

and long-time former Regional President of BP North Africa, and supports Randy in the development and implementation of strategies for key stakeholder engagement, advocacy and representation of the Board in Egypt. We were also delighted during the year to appoint a further Non-Executive Director, Patrice Merrin, who brings immense international experience to the Board.

The management team has also been strengthened with the appointment of Chief Financial Officer Eddie Ok and Chief Operating Officer Geoff Probert who joined the Company at the start of 2024. I am confident that we now have the depth of experience and talent in place to enable us to fully utilise the opportunities available from our assets, for the benefit of all of our shareholders.

Capricorn is at an exciting juncture in the Company's development. With a new Board that is fully aligned with shareholders and a major and critical transformation now behind us, we have a clear operational strategy, underpinned by a culture of capital discipline and cost control. Having successfully reset the business, Randy and the team can now fully focus on delivering reserves and production growth and reliable free cash flow generation from our Egypt portfolio. The Board and management are and will remain focused on exploring every opportunity to enhance shareholder value. Thank you to all shareholders for your support and faith in the new Board, we look forward to updating you on our progress in due course.

**Craig van der Laan**  
Chair  
28 March 2024