Financial Statements

Report on the audit of the financial statements

Opinion

In our opinion, Capricorn Energy PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 31 December 2023; the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Cash Flows and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 7.5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

Capricorn Energy PLC is an independent, UK-based energy company, focused on oil and gas exploration, development and production. Capricorn's activities are focused in Egypt. Capricorn's headquarters and finance team are in Edinburgh supported by a team in Egypt.

Overview

Audit scope

- We conducted audit work on 8 components. 4 of these components were subject to a full scope audit, the remaining 4 were subject to specified scope. All audit work performed to support the group audit report was performed by the group engagement team in the UK. Our audit scope covered 97.3% of total assets.

Key audit matters

- Valuation of Expected Credit Loss ("ECL") of EGPC receivable (group)
- Valuation of Goodwill and Production assets (group)
- Valuation of Investments in subsidiaries (parent)

Materiality

- Overall group materiality: US$6,675,000 (2022: US$15,300,000) based on 1% of Total Assets.
- Overall company materiality: US$4,178,000 (2022: US$12,500,000) based on 1% of Total Assets.
- Performance materiality: $5,006,0000 (2022: US$11,475,000) (group) and $3,133,000 (2022: US$9,375,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of Expected Credit Loss ("ECL") of EGPC receivable is a new key audit matter this year. Valuation of Intangible Exploration Assets, Valuation of contingent consideration receivable arising from sale of North Sea assets, and Going Concern Assessment, which were key audit matters last year, are no longer included because of the fact that they did not represent a significant risk or area of significant focus because of the group's focus away from exploration activities, the disposal of the contingent consideration balance during 2023 and the cash resources available to the group respectively. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of Expected Credit Loss ("ECL") of EGPC receivable (group) Under IFRS 9, a lifetime expected credit loss should be assessed when there are trade receivables with a significant increase in credit risk since initial recognition. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument. EGPC net receivables totalled $168.5m as of 31 December 2023 (2022: $96.9m). Although the gross amount has increased throughout the year, Capricorn have been receiving cash payments throughout the period. Management's ECL is based on the sovereign risk overview default rating for the Arab Republic of Egypt which has been applied to the outstanding receivables based on the months outstanding. Management have assessed that the expected credit loss for the EGPC trade receivables at 31 December 2023 is $9.0m (2022: $1.0m). This is an area of audit focus given the value of the balance of receivables outstanding and the estimates involved in determining the ECL under IFRS 9. Refer to note 3.5 of the financial statements.	In our audit of the accounts receivable and ECL balances we have: – Held discussions with management and the revenue team to understand the current position of the receivable including the status of recovering amounts outstanding; – Obtained management's ECL calculation and confirmed the methodology is in line with IFRS 9; – Verified that the sovereign debt rating used by management in their ECL calculation was consistent with publicly available market data on the credit rating of Egypt; – Validated the aging profile of the receivables, and cash received during the period, and concluded that the 12 month credit default risk rating is appropriate; – Recalculated the expected ECL using the IFRS 9 methodology; and – Evaluated the financial statement disclosure. Based on our procedures, we concluded that the ECL and related disclosures were appropriate.
Valuation of Goodwill and Production assets (group) Goodwill of US$25.4m arose on the acquisition of the Western Desert assets in Egypt in 2021. Under IAS 36 Goodwill is required to be tested for impairment annually, and management performed this test as at 31 December 2023. In addition, under IAS 36, where there is an impairment trigger, non-current production assets must be evaluated for impairment. Following the performance from producing assets being below expectation and a downgrade in reserve volumes management have assessed that there is an impairment trigger on the Group's producing assets and Goodwill in Egypt. Management estimates the recoverable amount of the goodwill and producing assets using a discounted cash flow model, which estimates the future cash flow projections over the licence period of the assets, discounted back to present day. The key assumptions used by management include the following: Discount rate, Short term oil price, Long Term oil price, future capital and operating costs, estimates of hydrocarbon reserves and the timing of receipts for hydrocarbon sales. Based upon the discounted cash flow projections used by management, there was an impairment charge of US$29.1m to producing assets recognised in the current year. Based upon the discounted cash flow projections used by management, there was also an impairment of $14.6m to Goodwill in the current year. This is an area of audit focus given the value of the goodwill and production assets and the judgements and estimates made by management in their impairment assessment, particularly in respect of projected cash flows and discount rate. Refer to notes 2.3, 2.4 and 2.8 to the financial statements.	In auditing the valuation of Goodwill and Production assets for the year ended 31 December 2023, we have performed the following procedures: – Validated the reserves estimates prepared by management's internal and external experts. We evaluated management's internal and external reserves experts for competence and objectivity; – Discussed reserves estimates with management's reserves experts to assess any key judgements or differences between the internal and external experts. Where there were differences, we sought explanations for these; – Understood the source of the operator's forecast oil and gas production, validated to reserves data, compared to budgets and assessed Capricorn's previous ability to forecast oil and gas production figures and to previously approved budgets; – Compared the timing of cash receipts for the sale of hydrocarbons to the recent history of recovery and considering other forward looking factors; – Assessed the operating and capital cost forecasts used in the model by comparing to operator forecasts and other evidence where appropriate; – Benchmarked key assumptions including comparing the commodity price, inflation and discount rates used to expected ranges prepared by our own Valuation experts; – Assessed the composition of each CGU based on the requirements of IAS 36; – Validated the mathematical accuracy and integrity of the model for each concession and agreed the net book values to Capricorn's books and records; – Obtained and understood the concession agreements to confirm terms that may affect the valuation; – Considered the global focus on clean energy transition and climate change in the context of the key assumptions, in particular in relation to the cost of carbon; – Assessed the results of management's sensitivity analysis, and performing our own sensitivities; and – Assessing the disclosures in the financial statements. We found the oil price assumption used by management to be below our independently assessed range. Our audit therefore focused on the sensitivity of the impairment assessments to movements in key assumptions and there was not a material difference when we applied assumptions within the acceptable range. We determined that management's disclosures were appropriate.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investments in subsidiaries (group) The carrying value of investments in the company balance sheet is US$334.1m. At the year end, investments in subsidiaries were reviewed for indicators of impairment and impairment tests conducted where indicators were identified. Following this review, management concluded that the investment in Capricorn Oil Limited was impaired to reflect the fair value of the underlying assets of the Capricorn Oil Group. The fall in the value of the investments in the Capricorn Oil Group is principally due to a reduction in the fair value of the Group's underlying assets. This resulted in a charge of US$268.3m to the Income Statement in 2023. This is an area of audit focus because the support for the carrying value is based on judgements and estimates made by management in their impairment assessment, in particular in respect of projected cash flows and discount rate. Refer to note 8.2 to the company financial statements.	In assessing the carrying value of investments in subsidiaries, we undertook the following work: – For the investment in Capricorn Oil Group, we compared the resulting investment balance to our audit work on the other assets and liabilities of the Group, including considering the impact on underlying fair value of the group's producing assets; – Validated the mathematical accuracy and integrity of the model and agreed the net book value of assets and liabilities into Capricorn's books and records; – Agreed the cash balances in the group to the underlying confirmations of cash for the in scope subsidiaries; and – Evaluated the disclosure in the financial statements. Based on the procedure, we concluded that the valuation of investments in subsidiaries is appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group's activities are managed centrally from the Group's Head Office in Edinburgh. We have included components which accounted for the largest share of the Group's results or where we considered there to be areas of significant risk. We identified 4 components which, in our view, required an audit of their complete financial information due to their relative size or risk characteristics. The work in the remaining 4 components was determined by their individual contribution to the Group's overall financial performance or balance sheet, and their risk profile. All components were audited by the Group engagement team in the UK.

The impact of climate risk on our audit

Our audit considered the impact of climate change. As part of our audit, we made enquiries with management to understand the process adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and to support the disclosures made in the Sustainability Review in the Strategic Report. We also read the Group's governance process in response to climate risk.

Using our knowledge of the business, we focused our work on how the impact of climate commitments made by the Group would impact the assumptions within the discounted cash flows prepared by management that are used in the Group's goodwill and producing asset impairment tests. We challenged the completeness of management's climate impact assessment by reading the external reporting made by management as well as internal climate plans and Board minutes.

We also considered the completeness of the impact on financial statement line items by comparing management's assessment of the impact of climate risk, including the potential impact on the underlying assumptions and estimates as outlined in the basis of preparation in note 1.1 of the Notes to the Group financial statements.

Finally, we assessed the consistency of the information in the front half of the Annual Report regarding the Task Force on Climate-Related Financial Disclosures (TCFD) and the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	US$6,675,000 (2022: US$15,300,000).	US$4,178,000 (2022: US$12,500,000).
How we determined it	1% of Total Assets	1% of Total Assets
Rationale for benchmark applied	We believe that total assets is an appropriate measure that reflects the size of the Group's operations.	The company's purpose is to hold investments in the subsidiaries of the group. The company has limited income statement transactions, therefore the appropriate benchmark for assessing materiality is total assets.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was $137,400 – $6,050,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to $5,006,000 (2022: US$11,475,000) for the group financial statements and $3,133,0000 (2022: US$9,375,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $333,750 (group audit) (2022: US$765,000) and $208,000 (company audit) (2022: US$625,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and evaluating management's going concern assessment, base case forecasts and downside scenarios, and comparing the forecasts to approved budgets;
- Considering the historical reliability of management's cash flow forecasting;
- Assessing key inputs into the models, including operational and head office cost assumptions, commodity prices, production forecasts, forecast distributions and payment profiles, comparing these to the inputs used in other key accounting estimates in the financial statements or other sources of evidence;
- Assessing the mitigating actions identified by management in downside scenarios and corroborating these to internal and external sources of evidence;
- Obtaining and confirming the opening cash balances;
- Assessing management's consideration of the terms and conditions of group's debt facility relating to its assets in Egypt, including the non-recourse nature of the debt to the parent company and the Capricorn group outside of Egypt, and the impact of cross guarantee clauses contained within the Group's debt facility and as well as in relation to the contingent consideration due on the purchase of the assets in Egypt;
- Assessing management's severe but plausible downside scenario to understand the impact of changes in cash flow on the resources available to the group;
- Assessing the mathematical accuracy of management's model; and
- Evaluating the disclosures in relation to management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with oil and gas laws and regulations in Egypt and other oil and gas regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on judgements and on the assumptions made in their significant accounting estimates;
- Identifying and testing journal entries, including any journal entries representing unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 23 May 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 31 December 2013 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 March 2024

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $m	2022 (restated) $m
Continuing operations			
Revenue	2.1	**201.0**	229.6
Other income	2.1	**54.1**	54.8
Cost of sales	2.1	**(59.6)**	(71.2)
Depletion charge	2.3	**(120.4)**	(131.3)
Gross profit		**75.1**	81.9
Pre-award costs	4.2	**(1.1)**	(9.2)
General exploration costs		**(26.9)**	(48.7)
Unsuccessful exploration well costs	2.2	**(20.5)**	(57.8)
Impairment of property, plant & equipment – development/producing assets	2.3	**(29.1)**	(42.6)
Impairment of goodwill	2.4	**(14.6)**	–
Expected credit loss adjustment on revenue receivable	3.5	**(9.0)**	–
Other operating income		**0.6**	5.8
Administrative and other expenses	4.3	**(61.9)**	(65.0)
Operating loss		**(87.4)**	(135.6)
Fair value loss – deferred consideration on business combination	3.6	**(8.0)**	(12.7)
Gain on financial assets at fair value through profit or loss		**0.8**	2.3
Impairment of an asset held-for-sale	3.10	**(4.0)**	–
Finance income	4.5	**21.8**	15.7
Finance costs	4.6	**(25.3)**	(18.2)
Loss before tax from continuing operations		**(102.1)**	(148.5)
Taxation			
Tax charge	5.2	**(40.5)**	(27.9)
Loss from continuing operations		**(142.6)**	(176.4)
(Loss)/Profit from discontinued operations	6.1	**(1.4)**	109.3
Loss for the year attributable to equity holders of the Parent		**(144.0)**	(67.1)
Loss per share for loss from continuing operations:			
Loss per ordinary share – basic and diluted ($)	4.7	**(0.74)**	(0.49)
Loss per share for loss attributable to equity holders of the Parent:			
Loss per ordinary share – basic and diluted ($)	4.7	**(0.75)**	(0.19)

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 $m	2022 (restated) $m
Loss for the year attributable to equity holders of the Parent	**(144.0)**	(67.1)
Other Comprehensive Income/(Expense) – items that may be recycled to the Income Statement		
Currency translation differences	**5.1**	(16.7)
Other Comprehensive Income/(Expense) for the year	**5.1**	(16.7)
Total Comprehensive Expense for the year attributable to equity holders of the Parent	**(138.9)**	(83.8)
Total Comprehensive (Expense)/Income from:		
Continuing operations	**(137.5)**	(193.1)
Discontinued operations	**(1.4)**	109.3
	(138.9)	(83.8)

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 $m	2022 (restated) $m
Non-current assets			
Intangible exploration/appraisal assets	2.2	**2.5**	1.0
Property, plant & equipment – development/producing assets	2.3	**217.6**	275.8
Goodwill	2.4	**10.8**	25.4
Other property, plant & equipment and intangible assets	2.5	**14.5**	14.1
Other long-term receivables	2.6	**27.6**	–
Financial assets at fair value through profit or loss	3.6	**–**	96.2
Deferred tax asset	5.3	**7.6**	8.7
		280.6	421.2
Current assets			
Cash and cash equivalents	3.1	**189.5**	756.8
Inventory	3.4	**8.3**	8.1
Trade and other receivables	3.5	**186.0**	142.5
Financial assets at fair value through profit or loss	3.6	**–**	134.4
		383.8	1,041.8
Asset held-for-sale	3.10	**3.2**	–
Total assets		**667.6**	1,463.0
Current liabilities			
Loans and borrowings	3.2	**15.4**	25.4
Lease liabilities	3.3	**1.0**	1.9
Deferred consideration on business combinations	3.6	**25.0**	25.0
Trade and other payables	3.7	**82.0**	84.9
		123.4	137.2
Non-current liabilities			
Loans and borrowings	3.2	**96.4**	133.2
Lease liabilities	3.3	**6.4**	2.4
Provisions – well abandonment		**5.5**	3.4
Deferred consideration on business combinations	3.6	**19.8**	36.8
Deferred tax liabilities	5.3	**9.6**	28.4
		137.7	204.2
Total liabilities		**261.1**	341.4
Net assets		**406.5**	1,121.6
Equity attributable to equity holders of the Parent			
Called-up share capital	7.1	**7.6**	8.0
Share premium	7.1	**0.8**	495.4
Shares held by ESOP/SIP Trusts	7.1a,b	**(6.3)**	(15.3)
Foreign currency translation	7.1c	**(85.7)**	(90.8)
Merger and capital reserves	7.1d	**45.9**	45.5
Retained earnings		**444.2**	678.8
Total equity		**406.5**	1,121.6

The Financial Statements on pages 122 to 165 were approved by the Board of Directors on 28 March 2024 and signed on its behalf by:

Randy Neely
Chief Executive

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $m	2022 (restated) $m
Cash flows from operating activities:			
Loss before tax from continuing operations		**(102.1)**	(148.5)
(Loss)/Profit before tax from discontinued operations	6.1	**(5.5)**	113.4
Loss before tax including discontinued operations		**(107.6)**	(35.1)
Adjustments for non-cash income and expense and non-operating cash flows:			
Other income – tax entitlement volumes		**(54.1)**	(54.8)
Unsuccessful exploration well costs		**20.5**	57.8
Depreciation, depletion and amortisation		**127.1**	137.1
Impairment of goodwill		**14.6**	–
Impairment of property, plant & equipment – development/producing assets		**29.1**	42.6
Expected credit loss adjustment on revenue receivable		**9.0**	–
Share-based payments charge		**2.5**	10.5
Fair value loss – deferred consideration on business combination		**8.0**	12.7
Gain on financial assets at fair value through profit or loss – continuing operations		**(0.8)**	(2.3)
Loss/(Gain) on financial assets at fair value through profit or loss – discontinued operations		**10.4**	(110.4)
Impairment of an asset held-for-sale		**4.0**	–
Loss on disposal of a financial asset – discontinued operations		**1.7**	–
Finance income		**(21.8)**	(15.7)
Finance costs		**25.3**	18.2
Adjustments to operating cash flows for movements in current assets and liabilities:			
Inventory movement		**(0.2)**	2.7
Trade and other receivables movement	3.5	**(69.0)**	(38.7)
Trade and other payables movement	3.7	**(38.6)**	(9.8)
Net cash flows (used in)/from operating activities		**(39.9)**	14.8
Cash flows from investing activities:			
Exceptional income – India tax refund		**–**	1,056.0
Expenditure on intangible exploration/appraisal assets		**(16.4)**	(46.2)
Expenditure on property, plant & equipment – development/producing assets		**(44.2)**	(62.2)
Expenditure on other property, plant & equipment and intangible assets		**(0.3)**	(11.7)
Deferred consideration received – discontinued operations		**182.4**	75.7
Consideration paid for assets acquired through business combination		**–**	(3.2)
Deferred consideration paid on business combination		**(25.0)**	(20.9)
Proceeds on disposal of financial assets		**–**	12.8
Tax paid on investing activities		**–**	(0.2)
Interest received and other finance income		**24.3**	12.5
Net cash flows from investing activities		**120.8**	1,012.6
Cash flows from financing activities:			
Repayment of borrowings	3.2	**(48.3)**	(21.5)
Lease payments	3.3	**(2.2)**	(2.5)
Dividends paid	7.2	**(542.1)**	–
Share repurchase	7.2	**(18.9)**	(528.6)
Other interest and charges		**(16.0)**	(11.7)
Proceeds from issue of shares		**0.8**	4.5
Cost of shares purchased	7.1a	**(19.5)**	(19.8)
Net cash flows used in financing activities		**(646.2)**	(579.6)
Net (decrease)/increase in cash and cash equivalents		**(565.3)**	447.8
Opening cash and cash equivalents at beginning of year		**756.8**	314.1
Foreign exchange differences		**(2.0)**	(5.1)
Closing cash and cash equivalents	3.1	**189.5**	756.8

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity share capital and share premium $m	Shares held by ESOP/SIP Trusts $m	Foreign currency translation $m	Merger and capital reserves $m	Retained earnings (restated) $m	**Total equity (restated) $m**
At 1 January 2022	503.5	(17.5)	(74.1)	40.9	1,345.8	1,798.6
Restatement	–	–	–	–	(76.9)	(76.9)
At 1 January 2022 – restated	503.5	(17.5)	(74.1)	40.9	1,268.9	1,721.7
Loss for the year	–	–	–	–	(67.1)	(67.1)
Currency translation differences	–	–	(16.7)	–	–	(16.7)
Total comprehensive expense	–	–	(16.7)	–	(67.1)	(83.8)
Share-based payments	–	–	–	–	10.5	10.5
Exercise of employee share options	4.5	–	–	–	–	4.5
Share repurchase	(4.6)	–	–	4.6	(511.5)	(511.5)
Cost of shares purchased	–	(19.8)	–	–	–	(19.8)
Cost of shares vesting	–	22.0	–	–	(22.0)	–
At 31 December 2022	503.4	(15.3)	(90.8)	45.5	678.8	1,121.6
Loss for the year	–	–	–	–	(144.0)	**(144.0)**
Currency translation differences	–	–	5.1	–	–	**5.1**
Total comprehensive income/(expense)	–	–	**5.1**	**–**	**(144.0)**	**(138.9)**
Dividends paid	–	–	–	–	(541.1)	**(541.1)**
Share repurchase	(0.4)	–	–	0.4	(18.9)	**(18.9)**
Share-based payments	–	–	–	–	2.5	**2.5**
Exercise of employee share options	0.8	–	–	–	–	**0.8**
Share premium cancelled	(495.4)	–	–	–	495.4	**–**
Cost of shares purchased	–	(19.5)	–	–	–	**(19.5)**
Cost of shares vesting	–	28.5	–	–	(28.5)	**–**
At 31 December 2023	**8.4**	**(6.3)**	**(85.7)**	**45.9**	**444.2**	**406.5**

SECTION 1 – BASIS OF PREPARATION

This section includes the Group's general accounting policies applicable across the Financial Statements. Accounting policies specific to individual notes to the accounts are embedded in the notes themselves. During the year, Capricorn changed its accounting policy relating to intangible exploration/appraisal assets to a full successful efforts methodology.

1.1 Accounting Policies

a) Basis of preparation

The consolidated Financial Statements of Capricorn Energy PLC ('Capricorn' or 'the Group') for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 28 March 2024. Capricorn is a limited company incorporated and domiciled in the United Kingdom whose shares are publicly traded. The registered office is located at 50 Lothian Road, Edinburgh, Scotland, EH3 9BY. The registered company number is SC226712.

Capricorn prepares its Financial Statements on a historical cost basis, unless accounting standards require an alternate measurement basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed either in the relevant accounting policy or in the notes to the Financial Statements. The Financial Statements comply with the Companies Act 2006 as applicable to companies using UK-adopted International Financial Reporting Standards ('IFRS').

During the current period, the Company changed its accounting policy for intangible exploration/appraisal assets as detailed in note 1.3. Comparative information has been restated to reflect this change in policy. All other accounting policies have been applied consistently across all periods disclosed.

The Group's Financial Statements are prepared on a going concern basis.

b) Accounting standards

The Financial Statements of Capricorn has been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. During the year, no new standards or amendments to standards were adopted that had a material impact on Capricorn's results or Financial Statement disclosures.

There are no new standards or amendments issued by the IASB and endorsed under the Companies Act, which have yet to be adopted by the Group that will materially impact the Group's Financial Statements.

c) Basis of consolidation

The consolidated Financial Statements include the results of Capricorn Energy PLC and its subsidiary undertakings to the balance sheet date. Where subsidiaries follow differing accounting policies from those of the Group, those accounting policies have been adjusted to align with those of the Group. Intercompany balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on intercompany balances between subsidiaries with differing functional currencies are not offset.

The results of subsidiaries acquired or incorporated in any year are included in the Income Statement and Statement of Cash Flows from the effective date of acquisition, while the results of subsidiaries disposed of or liquidated during the year are included in the Income Statement and Statement of Cash Flows to the date at which control passes from the Group.

d) Joint arrangements

Capricorn is a Partner (joint operator) in oil and gas exploration, development and production licences which are unincorporated joint arrangements. All of the Group's current interests in these arrangements are determined to be joint operations. A full list of oil and gas licence interests can be found on page 175.

Costs relating to an interest in a joint operation incurred on non-well specific exploration activities or costs directly associated with the production of hydrocarbons are charged immediately to the Income Statement. Costs relating to exploration wells are capitalised in accordance with the Group's revised accounting policy for intangible exploration/appraisal assets (note 2.2) pending determination of the success of the well. All costs associated with development activities for oil and gas assets are capitalised in property, plant & equipment – development/producing assets (note 2.3). All costs capitalised in either exploration/appraisal or development/producing assets relate to interests in joint operations.

Capricorn's working capital balances relating to joint operations are included in trade and other receivables (note 3.5) and trade and other payables (note 3.7). Any share of finance income or costs generated or incurred by the joint operation is included within the appropriate income statement account.

SECTION 1 – BASIS OF PREPARATION CONTINUED

1.1 Accounting Policies continued

e) Foreign currencies
These Financial Statements continue to be presented in US dollars ($), the functional currency of the Parent.

In the Financial Statements of individual Group companies, Capricorn translates foreign currency transactions into the functional currency at the rate of exchange prevailing at the transaction date (or an approximation thereof where not materially different). Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are taken to the Income Statement except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset, though there were none in either the current or preceding year.

The Group maintains the Financial Statements of the Parent and subsidiary undertakings in their functional currency. Where applicable, the Group translates subsidiary Financial Statements into the presentation currency, $, using the closing rate method for assets and liabilities, which are translated at the rate of exchange prevailing at the balance sheet date and rates at the date of transactions for income statement accounts. Capricorn takes exchange differences arising on the translation of net assets of Group companies whose functional currency is non-$ directly to the foreign currency translation reserve within equity.

Rates of exchange to $1 were as follows:

	Closing 2023	YTD Average 2023	Closing 2022	YTD Average 2022
GBP	**0.785**	**0.804**	0.827	0.808

f) Exceptional items
Where items have a significant impact on profit or loss, occur infrequently and are not part of the Group's normal operating cycle, such items may be disclosed as exceptional items on the face of the Income Statement.

1.2 Going concern
The Directors have considered the factors relevant to support a statement of going concern. In assessing whether the going concern assumption is appropriate, the Board considered the Group cash flow forecasts under various scenarios, identifying risks and mitigating factors. Along with base-case assumptions, a downside scenario run includes a return to lower oil prices, with a 10% reduction to the forward curve over 2024 and an oil price of $60 per bbl from 2025 onward, a 10% reduction in forecast production and further delays in settlement of Egypt trade receivables. An oil-price crash scenario assumes a fall in the oil price to $40 per bbl in Q1 2024 with a recovery of $65 per bbl by the end of 2024. Under both scenarios the Group has sufficient cash headroom to continue to operate as a going concern. All scenarios assume a return of $50m to shareholders in 2024.

As the Directors will not commit to investing further funds into the Egypt business, separate cash flow forecasts have been run for Capricorn Egypt Limited, the Egypt asset-holding subsidiary and the remaining Capricorn Energy PLC Group. Capricorn Egypt is a party to the Junior and Senior borrowing facilities entered in connection with the Group's Egypt assets, however these facilities are non-recourse to the rest of the Capricorn Group.

Under all scenarios run, the Capricorn Group would continue to operate as a going concern with sufficient cash balances, allowing the Group to meet its current and contracted commitments outside Egypt as and when they fall due for a period of at least 12 months from the date of signing these Financial Statements.

In addition, Capricorn Egypt Limited is forecast to have sufficient resources to meet its contractual obligations as they fall due across all three scenarios, though headroom is limited at certain points across the going concern period. If any unforeseen changes in assumptions were to adversely impact the subsidiary, and with no further injection of funds from the parent, it may not be able to meet all debt repayments that fall due in the period which could result in lenders taking control of the assets. While the assets would then be heavily impaired to expected recoverable amounts, the remaining Capricorn Energy PLC Group would be unaffected and would continue as a going concern.

Further, under the terms of the borrowing facilities, Capricorn Egypt Limited jointly and severally guarantee the performance of the obligations of the joint venture counterparty. Should the counterparty fail to meet its repayment obligations, the lender could enforce this guarantee, though other routes to recovery would be more likely. Though considered remote, a default by the counterparty could also result in the lenders assuming control of the Egypt subsidiary to recover amounts due. Again, the remaining Capricorn Energy PLC Group would be unaffected and would continue as a going concern.

The Board and Audit Committee assessments of risk and mitigants to the Group's operational existence beyond this 12-month period is included in the Viability Statement on page 41.

1.3 Restatement of Comparative Information

Accounting Policy Change

A change in policy from a successful efforts-based accounting policy to a pure successful efforts accounting policy for oil and gas assets has been adopted from 1 January 2023, with retrospective application. Under the revised policy, all non-well specific exploration costs, previously capitalised within exploration assets, are now charged directly to the Income Statement as incurred. The Directors believe that the revised policy gives a clearer understanding of the performance of the Group in any given period as the new policy is more closely aligned to the general capitalisation requirement of the IFRS framework, by only capitalising costs associated within exploration assets that directly relate to commercial discoveries of hydrocarbons. In addition, costs associated with Near Field Exploitation (NFE) wells, which are appraisal wells within the existing development areas, are now capitalised immediately within development/producing assets, given that, if successful they start producing immediately. The Directors believe these changes will provide more reliable and relevant information on the Group's financial performance in a period and more importantly the value of exploration assets held at the balance sheet date.

The result of the change in accounting policy is that going forward, only costs of commercially successful exploration wells in Egypt projects are expected to be capitalised within exploration assets given the change in the Group's future strategy to focus on maximising value from these assets. The policy change has been applied retrospectively and restatement of the intangible exploration/appraisal assets, Income Statement, Balance Sheet, and Statement of Cash Flows including the comparative periods is presented in the tables that follow.

A reconciliation of the change to intangible exploration/appraisal assets is as follows:

	Intangible Exploration/ Appraisal assets old policy $m	Accounting policy change $m	Intangible Exploration/ Appraisal assets new policy $m
Cost			
At 1 January 2022	117.9	(88.5)	29.4
Additions	90.4	(53.0)	37.4
Unsuccessful exploration costs	(113.1)	47.3	(65.8)
At 31 December 2022	95.2	(94.2)	1.0
Additions	57.1	(35.1)	22.0
Unsuccessful exploration costs	(109.3)	88.8	(20.5)
At 31 December 2023	**43.0**	**(40.5)**	**2.5**
Impairment			
At 1 January 2022	19.6	(11.6)	8.0
Unsuccessful exploration costs	(19.6)	11.6	(8.0)
At 31 December 2022 and 31 December 2023	**–**	**–**	**–**
Net book value			
At 31 December 2021	98.3	(76.9)	21.4
At 31 December 2022	95.2	(94.2)	1.0
At 31 December 2023	**43.0**	**(40.5)**	**2.5**

Of the $40.5m accounting policy adjustment $28.0m relates to the expensing of general exploration costs relating to Mauritania, Suriname and in the UK as well as non-well costs in Egypt in the current and prior years. The remaining $12.5m is due to the reallocation of NFE costs into development/producing assets.

Prior Year Restatement

At 31 December 2022, Capricorn reversed accruals of $29.2m relating to opening balances recognised on acquisition of the Group's Egypt development/producing assets. The seller had provided insufficient information to allow the reconciliation of opening balances to subsequent costs and the operator had declined to perform such an exercise. With no supporting evidence to continue to accrue these opening costs, the amounts were reversed as a cost adjustment against property, plant & equipment – development/producing assets.

Early in 2024 and in light of concerns that accounts payable balances may be understated, Capricorn were able to access the underlying accounting records of Bapetco who maintain the gross accounting records of the joint operations on behalf of the operator. The subsequent reconciliations performed by Capricorn of those Bapetco gross numbers to the working interest working capital balances recorded in Capricorn's accounting records, identified an under accrual equivalent to the amounts reversed through the opening balance cost adjustment processed in 2022.

The 2022 adjustment has therefore been reversed resulting in an increase to the prior year carrying value of property, plant & equipment – development/producing assets and an increase in working capital balances relating to joint operations equal to the $29.2m. The increase in the carrying value of assets had a subsequent impact on the 2022 depletion charge for the prior year and the related deferred tax credit, though there was no material impact on the prior year impairment charge, which remains unchanged.

SECTION 1 – BASIS OF PREPARATION CONTINUED

1.3 Restatement of Comparative Information continued

1.3.1 Group Income Statement Accounting Policy Change and Prior Year Restatement

For the year ended 31 December 2023:

Income Statement (extract)	Note	Year ended 31 December 2023 $m	Accounting policy change $m	Year ended 31 December 2023 (restated) $m
Continuing operations				
General exploration costs		–	(26.9)	(26.9)
Unsuccessful exploration well costs	2.2	(109.3)	88.8	(20.5)
Impairment of property, plant & equipment – development/producing assets	2.3	(25.0)	(4.1)	(29.1)
Impairment of goodwill	2.4	(11.7)	(2.9)	(14.6)
Operating loss		**(142.3)**	**54.9**	**(87.4)**
Loss before taxation from continuing operations		**(157.0)**	**54.9**	**(102.1)**
Tax charge	5.2	(33.8)	(6.7)	(40.5)
Loss from continuing operations		**(190.8)**	**48.2**	**(142.6)**

Both basic and diluted earnings per share increased by $0.25 per share for the period ended 31 December 2023.

For the year ended 31 December 2022:

Income Statement (extract)	Note	Year ended 31 December 2022 As originally presented $m	Accounting policy change $m	Prior Year Restatement $m	Year ended 31 December 2022 (restated) $m
Continuing operations					
Depletion charge		(124.1)	–	(7.2)	(131.3)
Gross Profit		89.1	–	(7.2)	81.9
General exploration costs		–	(48.7)	–	(48.7)
Unsuccessful exploration well costs	2.2	(93.5)	35.7	–	(57.8)
Operating loss		(115.4)	(13.0)	(7.2)	(135.6)
Loss before taxation from continuing operations		(128.3)	(13.0)	(7.2)	(148.5)
Tax charge	5.2	(32.0)	1.3	2.8	(27.9)
Loss from continuing operations		(160.3)	(11.7)	(4.4)	(176.4)

Both basic and diluted earnings per share decreased by $0.03 per share for the year ended 31 December 2022.

1.3 Restatement of Comparative Information continued

1.3.2 Group Balance Sheet Accounting Policy and Prior Year Restatement

As at 31 December 2023:

Balance Sheet (extract)	Note	At 31 December 2023 $m	Accounting policy change $m	At 31 December 2023 (restated) $m
Non-current assets				
Intangible exploration/appraisal assets	2.2	43.0	(40.5)	2.5
Property, plant & equipment – development/producing assets	2.3	209.2	8.4	217.6
Goodwill	2.4	13.7	(2.9)	10.8
Deferred tax asset	5.3	9.3	(1.7)	7.6
		275.2	**(36.7)**	**238.5**
Non-current liabilities				
Deferred tax liabilities	5.3	(5.9)	(3.7)	(9.6)
Net assets		**446.9**	**(40.4)**	**406.5**
Equity				
Retained earnings		484.6	(40.4)	444.2
Total equity		**446.9**	**(40.4)**	**406.5**

As at 31 December 2022:

Balance Sheet (extract)	Note	At 31 December 2022 As originally presented $m	Accounting policy change $m	Prior Year Restatement $m	At 31 December 2022 (restated) $m
Non-current assets					
Intangible exploration/appraisal assets	2.2	95.2	(94.2)	–	1.0
Property, plant & equipment – development/producing assets		249.5	4.3	22.0	275.8
Deferred tax assets	5.3	7.1	0.5	1.1	8.7
		351.8	(89.4)	23.1	285.5
Current liabilities					
Trade and other payables	3.7	(55.7)	–	(29.2)	(84.9)
Non-current liabilities					
Deferred tax liabilities	5.3	(30.9)	0.8	1.7	(28.4)
		(86.6)	0.8	(27.5)	(113.3)
Net assets		1,214.6	(88.6)	(4.4)	1,121.6
Equity					
Retained earnings		771.8	(88.6)	(4.4)	678.8
Total equity		1,214.6	(88.6)	(4.4)	1,121.6

SECTION 1 – BASIS OF PREPARATION CONTINUED

1.3 Restatement of Comparative Information continued

1.3.3 Group Statement of Cash Flows Accounting Policy Change and Prior Year Restatement

For the year ended 31 December 2023:

Statement of Cash Flows (extract)	Year ended 31 December 2023 $m	Accounting policy change $m	Year ended 31 December 2023 (restated) $m
Cash flows from operating activities:			
Loss before taxation from continuing operations	(157.0)	54.9	(102.1)
Adjustments for non-cash income and expense and non-operating cash flows:			
Impairment of property, plant & equipment – development/producing assets	25.0	4.1	29.1
Impairment of goodwill	11.7	2.9	14.6
Unsuccessful exploration costs	109.3	(88.8)	20.5
Net cash flows used in operating activities	**(13.0)**	**(26.9)**	**(39.9)**
Cash flows from investing activities:			
Expenditure in intangible exploration/appraisal assets	**(43.3)**	**26.9**	**(16.4)**
Net cash flows from investing activities	**93.9**	**26.9**	**120.8**
Net decrease in cash and cash equivalent	**(565.3)**	**–**	**(565.3)**

For the year ended 31 December 2022:

Statement of Cash Flows (extract)	Year ended 31 December 2022 As originally presented $m	Accounting policy change $m	Prior Year Restatement $m	Year ended 31 December 2022 (restated) $m
Cash flows from operating activities:				
Loss before taxation from continuing operations	(128.3)	(13.0)	(7.2)	(148.5)
Adjustments for non-cash income and expense and non-operating cash flows:				
Depreciation, depletion and amortisation	129.9	–	7.2	137.1
Unsuccessful exploration costs	93.5	(35.7)	–	57.8
Net cash flows from operating activities	63.5	(48.7)	–	14.8
Cash flows from investing activities:				
Expenditure in intangible exploration/appraisal assets	(94.9)	48.7	–	(46.2)
Net cash flows used in investing activities	963.9	48.7	–	1,012.6
Net increase in cash and cash equivalent	447.8	–	–	447.8

The prior year restatement of property, plant & equipment – development/producing assets and related working capital has no impact on the cash flow statement.

SECTION 2 – OIL AND GAS ASSETS, OPERATIONS AND OTHER NON-CURRENT ASSETS

This section contains details of Capricorn's oil and gas assets, including the gross profit generated from operations in Egypt, exploration costs capitalised at the year-end and development/producing assets and associated impairment tests performed.

Key estimates and assumptions in this section:

Estimation of hydrocarbon reserves and long-term oil price assumption

Capricorn's estimates of oil and gas reserves are reviewed as part of the full-year reporting process and updated accordingly. An independent evaluation of Capricorn's reserves and resources was conducted by GLJ Ltd (GLJ) with an effective date of December 31st 2023, in accordance with standards and procedures defined in the PRMS (2018) guidelines. The process for 2023 differed to previous years with an independent audit forming the basis of the reserves position, previously the company reported its internally generated estimates. GLJ's independent reserve evaluation was conducted based on data and materials disclosed by the company. Capricorn's Reserves and Resources Reporting Committee, which provides oversight, advice and guidance while providing senior level review, reports to the Group's Audit Committee before ultimately requesting approval of annual reserves volumes by the Board.

In addition to the GLJ audit an additional third-party audit of Capricorn's reserves and resources estimates is conducted annually by the operator for use in banking facility models. Historically, the reserves estimates of the third-party auditor appointed by the joint venture are higher than Capricorn's internal estimates, largely due to different assumptions on the number and timing of future development wells and the inclusion by the auditor of reserves that Capricorn classifies as contingent resources pending approval of a field development plan. The independent reserves estimates, produced by GLJ, solely for Capricorn, are largely aligned with Capricorn's internal estimates on an overall 2P basis.

Reserves estimates are based on assumptions concerning future capital expenditure on each of the concessions. Capricorn has currently suspended further capital expenditure in Egypt until a payment plan has been agreed with EGPC, and the reserves assumptions assume no further activity until mid-year 2024. This cessation of drilling activity contributes to an undeveloped reserves downgrade at the year-end as a consequence of delayed activity being beyond the PRMS guidelines of a development window of 5 years. In the reserves estimates a resumption of new well drilling is assumed from July 2024. A delay to the recommencement of drilling activity could lead to further downgrades of reserves. Using this approach to reserves estimations is Capricorn's best estimate of what assumptions a market participant would use to value the assets.

Capricorn's long-term oil price assumption remains at $65/bbl flat and the Group's short-term assumption remains linked to the forward curve over a two-year period. Discount rates have increased to 15% reflecting a move to an asset-specific discount rate now the focus of the Group has moved from an international exploration portfolio to core country-specific producing assets.

Estimation of fair value of assets for use in impairment tests

The fair value less cost of disposal of property, plant & equipment – development/producing assets in Egypt, which is not materially different from value in use, is used in the Group's impairment tests and has been measured using the net present value of discounted future cash flows over the commercial field life of each concession.

The key assumptions used in the Group's discounted cash flow models reflect past experience and take account of external factors. These assumptions include:
- a resumption in development drilling in H2 2024, assuming payment plan agreed with EGPC;
- short/medium-term oil price based on a six-month average forward curve for two years from the balance sheet date;
- long-term oil price of $65/bbl (2022: $60/bbl) flat;
- Egypt price differentials to base oil prices;
- third-party proved and probable reserves estimates and production profiles;
- timing of collection of revenues assumed to be six months from date of production;
- cost profiles for future costs escalated at 4.0% per annum (2022: 4.0% per annum);
- carbon prices based on WEO-2023 Net Zero Emissions by 2050 Scenario; and
- post-tax discount rates of 15% (2022: 10%).

Climate change assumptions

Capricorn's cost of carbon assumptions are included in the fair value models used to attribute value to the assets. Those models will also determine the useful life-of-field assumptions for each producing asset and increasing costs of carbon could result in reduced commercial reserve volumes. Sensitivities performed on alternate carbon cost assumptions did not have a significant impact on the fair values of the assets in Egypt.

Capricorn's models have no residual value attributed to producing assets as at the end of the economic field life title passes to the Egyptian Government. There are therefore no decommissioning assets or liabilities to record. There are currently no assets that have been identified as at risk of becoming stranded.

SECTION 2 – OIL AND GAS ASSETS, OPERATIONS AND OTHER NON-CURRENT ASSETS CONTINUED

2.1 Gross Profit: Revenue and Cost of Sales

Accounting policies

Revenue

Revenue from oil sales represents the Group's share of sales from its producing interests in Egypt, at the point in time when ownership of the oil has passed to the buyer. On domestic sales, the point of sale is determined to be the point when oil is delivered to communal storage tanks in onshore facilities. Sales relating to the export of oil are recognised once the cargo is fully loaded onto a crude tanker and the necessary export documentation received. Revenue is measured using the monthly average Brent oil price, plus or minus the applicable price differential premium or discount to reach the Official Selling Price and is recorded at fair value, including estimates to reduce revenue to the Group's expected entitlement share of sales volumes.

Revenue from the sale of gas in Egypt is recorded based on the volume of gas accepted each day by customers at the delivery point.

Revenue from royalties is calculated on production from fields in Mongolia.

Other income – tax entitlement volumes

Under the concession agreements in Egypt, income tax due on taxable profit is paid on Capricorn's behalf by EGPC. To achieve this through the agreements, Capricorn notionally receive a greater share of hydrocarbon production in excess of the Group's entitlement interest share of production equal to the amount required to cover the tax payable. The oil is produced and sold on Capricorn's behalf and proceeds remitted to the tax authorities. This income does not meet the IFRS definition of revenue and is therefore shown as other income with an equal and opposite tax charge recorded through current taxation.

Cost of sales and inventory

Cost of sales include Capricorn's share of costs incurred by the joint operation in extracting oil and gas. Also included are marketing and transportation costs and loss-of-production insurance costs payable over the year.

Oil inventory is measured at market value in accordance with established industry practice.

	Year ended 31 December 2023 $m	Year ended 31 December (restated) 2022 $m
Oil sales	**159.1**	181.4
Gas sales	**40.8**	47.5
Revenue from oil and gas sales	**199.9**	228.9
Royalty income	**1.1**	0.7
Total revenue	**201.0**	229.6
Other income – tax entitlement volumes	**54.1**	54.8
Other income	**54.1**	54.8
Production costs and inventory movements	**(59.6)**	(71.2)
Cost of sales	**(59.6)**	(71.2)
Depletion (note 2.3)	**(120.4)**	(131.3)
Gross profit	**75.1**	81.9

2.1 Gross Profit: Revenue and Cost of Sales continued

Revenue

Capricorn receives oil and gas revenue from eight producing concessions in Egypt, based on an entitlement interest. Payment terms are within 30 days from the date of the invoice for oil sales and 45 days from the date of the invoice for gas sales.

Oil and gas revenue in Egypt for the year ended 31 December 2023 was $199.9m (2022: $228.9m), from net entitlement production of 4.4 mmboe (2022: 4.7 mmboe) of which ~45% (2022: ~39%) was liquids. Oil sales averaged $81.2/boe (2022: $98.8/boe) and with gas sales fixed at $2.9/mcf (2022: $2.9/mcf). Other income represents tax paid on Capricorn's behalf by EGPC – see section 5.

Production costs over the period were $59.6m (2022: $71.2m), or $5.4/boe (2022: $5.7/boe) (on a working interest ("WI") basis).

2.2 Intangible Exploration/Appraisal Assets

Capricorn follows a full successful efforts accounting policy for oil and gas assets, following the change in accounting policy (note 1.3).

Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement as pre-award costs.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, undepleted, within intangible exploration/appraisal assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered and a field development plan approved.

Non-well specific exploration expenditure incurred in the process of determining oil and gas exploration targets is charged directly to the Income Statement in the period it is incurred.

Exploration/appraisal drilling costs directly relating to an exploration well are capitalised until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial and work to confirm the commercial viability of such hydrocarbons is intended to be carried out in the foreseeable future. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the Income Statement.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated and approved in a field development plan, then the related capitalised intangible exploration/appraisal costs are transferred into a single field cost centre within property, plant & equipment – development/producing assets, after testing for impairment.

Proceeds from the disposal or farm-down of part or all of an exploration/appraisal asset are credited initially to that interest with any excess being credited to the Income Statement.

SECTION 2 – OIL AND GAS ASSETS, OPERATIONS AND OTHER NON-CURRENT ASSETS CONTINUED

2.2 Intangible Exploration/Appraisal Assets continued

	Egypt (restated) $m	Mexico (restated) $m	UK (restated) $m	**Total (restated) $m**
Cost				
At 1 January 2022	–	25.2	4.2	29.4
Additions	–	1.2	36.2	37.4
Unsuccessful exploration costs	–	(25.4)	(40.4)	(65.8)
At 31 December 2022	–	1.0	–	1.0
Additions	5.1	15.0	1.9	**22.0**
Unsuccessful exploration costs	(2.6)	(16.0)	(1.9)	**(20.5)**
At 31 December 2023	**2.5**	**–**	**–**	**2.5**
Impairment				
At 1 January 2022	–	8.0	–	8.0
Unsuccessful exploration costs	–	(8.0)	–	(8.0)
At 31 December 2022 and 31 December 2023	**–**	**–**	**–**	**–**
Net book value				
At 31 December 2021	–	17.2	4.2	21.4
At 31 December 2022	–	1.0	–	1.0
At 31 December 2023	**2.5**	**–**	**–**	**2.5**

A change in policy from a successful efforts-based accounting policy to a pure successful efforts accounting policy for oil and gas assets has been adopted from 1 January 2023. As a result of the accounting policy change, the figures for 2022 period have been restated. For more details, see note 1.3.

Additions to intangible exploration/appraisal assets were funded through cash and working capital, including increased provisions for well abandonment costs.

Egypt
Additions in Egypt of $5.1m relate to direct costs on future exploration wells in the South-East Horus concession area. Additions and unsuccessful efforts of $2.6m relates to drilling costs of unsuccessful wells in SAS concession area.

Mexico
In Mexico additions for the year of $15.0m relate to Block 7 drilling costs, where the Yatzil well completed in 2023 and was unsuccessful. The total drilling costs of $16.0m were recognised as unsuccessful exploration costs in 2023.

UK
Additions of $1.9m relate to costs incurred of $0.2m and an increase of $1.7m in relation to further estimated Tybalt well abandonment costs. Prior year additions and unsuccessful exploration costs relate to the Jaws and Diadem wells completed in that year.

2.3 Property, Plant & Equipment – Development/Producing Assets

Accounting policy

Costs

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated and a development plan approved are capitalised within development/producing assets on a field-by-field basis. Subsequent expenditures are capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Costs of borrowings relating to the ongoing construction of development/producing assets and facilities are capitalised during the development phase of the project. Capitalisation ceases once the asset is ready to commence production.

Net proceeds from any disposal, part disposal or farm-down of development/producing assets are credited against the appropriate portion of previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the Income Statement to the extent that the net proceeds, measured at fair value, exceed or are less than the appropriate portion of the net capitalised costs.

Depletion

Depletion is charged on a unit-of-production basis, based on proved and probable reserves on a field-by-field basis. Fields within a single development area may be combined for depletion purposes. Where production commences prior to completion of the development, costs to be depleted include the costs-to-complete of the facility required to extract the volume of reserves recorded.

Impairment

Development/producing assets are reviewed for indicators of impairment at the balance sheet date. Indicators of impairment for the Group's development assets include:

- downward revisions of reserve estimates;
- increases in cost estimates for development projects; or
- a decrease in the oil price or other negative changes in market conditions.

Impairment tests are carried out on each development/producing asset at the balance sheet date where an indicator of impairment is identified. The test compares the carrying value of an asset to its recoverable amount based on the higher of its fair value less costs of disposal or value in use. Where the fair value less costs of disposal supports the carrying value of the asset, no value-in-use calculation is performed.

If it is not possible to calculate the fair value less costs of disposal of an individual asset, the fair value less costs of disposal is calculated for the CGU containing the asset and tested against the carrying value of the assets and liabilities in the CGU for impairment. Where an asset can be tested independently for impairment, this test is performed prior to the inclusion of the asset into a CGU for further impairment tests.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment charge is made.

Where there has been a charge for impairment in an earlier period, that charge will be reversed in a later period where there has been a change in circumstances to the extent that the recoverable amount is higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior years.

SECTION 2 – OIL AND GAS ASSETS, OPERATIONS AND OTHER NON-CURRENT ASSETS CONTINUED

2.3 Property, Plant & Equipment – Development/Producing Assets continued

	Egypt (restated) $m
Cost	
At 1 January 2022	405.1
Additions	75.8
At 31 December 2022	480.9
Additions	**91.3**
At 31 December 2023	**572.2**
Depletion and impairment	
At 1 January 2022	31.2
Depletion charge	131.3
Impairment	42.6
At 31 December 2022	205.1
Depletion charge	**120.4**
Impairment	**29.1**
At 31 December 2023	**354.6**
Net book value	
At 31 December 2021	373.9
At 31 December 2022	275.8
At 31 December 2023	**217.6**

Egypt

Capricorn acquired its development/producing assets in Egypt through a business combination in 2021. Subsequent expenditure on development activities across the concessions totalled $177.7m up to 2023 year-end. The 2022 other cost adjustments of $29.2m credited to development assets has been removed as a prior year restatement. See note 1.3.

Additions have been funded through cash and working capital.

Depletion of $120.4m (2022: $131.3m) was charged to the Income Statement based on entitlement interest production during the year. The costs for depletion include future capital costs-to-complete consistent with the life-of-field reserve estimates used in the calculation.

Impairment review

The Group's development/producing assets in Egypt were reviewed for indicators of impairment. Impairment reviews are conducted by combining concessions into four concession areas. Indicators were identified where a pause in development drilling activity has resulted in downgrades to reserves volumes booked. Subsequent impairment tests identified an impairment of $29.1m across the AESW and NEAG concession areas. Prior year impairment of $42.6m across the AESW and Obaiyed concession areas resulted from poor performance from wells drilled in the period and a subsequent reserves downgrade.

Impairment sensitivity analysis is provided in note 2.8.

2.4 Goodwill

	Egypt $m
At 1 January 2022 and 31 December 2022	25.4
Impairment	**(14.6)**
At 31 December 2023	**10.8**

Goodwill arose on the acquisition of the Western Desert assets in Egypt in 2021. Goodwill has been tested for impairment at 31 December 2023 and an impairment of $14.6m was recorded as a result of reserves downgrades at the year-end. Impairment sensitivity analysis is provided in note 2.8.

2.5 Other Property, Plant & Equipment and Intangible assets

	Carbon credits $m	Intangible assets $m	Property, plant & equipment $m	Right-of-use assets – leasehold property $m	Total $m
Cost					
At 1 January 2022	–	37.4	10.8	9.3	57.5
Additions	6.8	3.9	–	3.5	14.2
At 31 December 2022	6.8	41.3	10.8	12.8	71.7
Additions	–	1.9	0.3	15.5	**17.7**
Disposals	–	(32.8)	(11.2)	(11.7)	**(55.7)**
Foreign exchange	–	1.8	0.4	0.8	**3.0**
At 31 December 2023	**6.8**	**12.2**	**0.3**	**17.4**	**36.7**
Depreciation and amortisation					
At 1 January 2022	–	35.2	10.3	6.3	51.8
Charge for the year	–	3.5	0.3	2.0	5.8
At 31 December 2022	–	38.7	10.6	8.3	57.6
Charge for the year	–	3.9	0.2	2.6	**6.7**
Disposals	–	(32.7)	(11.2)	(0.7)	**(44.6)**
Foreign exchange	–	1.7	0.4	0.4	**2.5**
At 31 December 2023	**–**	**11.6**	**–**	**10.6**	**22.2**
Net book value					
At 31 December 2021	–	2.2	0.5	3.0	5.7
At 31 December 2022	6.8	2.6	0.2	4.5	14.1
At 31 December 2023	**6.8**	**0.6**	**0.3**	**6.8**	**14.5**

The total additions of $15.5m in right-of-use assets in connection to additional office lease contracts in the UK for the Edinburgh head office. One lease entered into during the year was subsequently cancelled leading to a disposal of $9.5m. See note 3.3 for full details. Intangible assets disposals relate to historic software costs written off.

In 2022, the Group invested $6.8m in verified carbon credits, which will be used to offset the Group's future emissions from its operations in Egypt, in order to achieve its net zero targets. For more details see TCFD Reporting, on pages 23 to 31. None of the carbon credits purchased have subsequently been retired. Amortisation of the carbon credits will commence on first retirement.

2.6 Other Long-Term receivables

	At 31 December 2023 $m	At 31 December 2022 $m
Other long-term receivable	**7.0**	–
Deferred consideration	**20.6**	–
	27.6	–

Under the earnout consideration settlement agreement with Waldorf, see note 6.1, Capricorn will receive Waldorf's 25% WI non-operated interest in the UK Columbus gas field, subject to NSTA approval. The settlement agreement includes provisions for a further $7.0m payment to Capricorn should the necessary approval not be received.

Under the settlement agreement, Waldorf are due further consideration to Capricorn of $22.5m in early January 2025. An expected credit loss adjustment of $1.9m is deducted from the amount due.

SECTION 2 – OIL AND GAS ASSETS, OPERATIONS AND OTHER NON-CURRENT ASSETS CONTINUED

2.7 Capital Commitments

	At 31 December 2023 $m	At 31 December (restated) 2022 $m
Oil and gas expenditure:		
Intangible exploration/appraisal assets	**7.9**	28.4
Contracted for	**7.9**	28.4

Capital commitments represent Capricorn's share of obligations in relation to its interests in joint operations. These commitments include Capricorn's share of the capital commitments of the joint operations themselves.

The capital commitments for intangible exploration/appraisal assets of $7.9m (restated 2022: $14.3m) relate to remaining licence commitments in Egypt.

At 31 December 2023 and 31 December 2022, no capital commitments for property, plant & equipment – development/producing assets are recorded as operator budgets are still to be agreed and approved and Capricorn has paused all further capital projects until a payment plan with EGPC has been agreed.

There were no short-term lease commitments at the 2023 balance sheet date (2022: $nil).

2.8 Impairment Sensitivity Analysis

Capricorn recorded an impairment of $29.1m on the NEAG and AESW concession areas and a further $14.6m of goodwill impairment. Impairment sensitivity analysis has been performed on the Group's long-term oil price, discount rate, collection rate and cost of carbon assumptions with results presented below. Impairment arising on downside changes to assumptions increase the charge on the NEAG and AESW concession areas and also result in impairment on the BED concession area.

Changes to other assumptions used to calculate the recoverable value of the Group's Egypt assets have no significant impact on the impairment charge.

	Property, plant & equipment – Impairment charge (increase)/ decrease $m	Goodwill – Impairment charge (increase)/ decrease $m	Deferred tax credit/(charge) on change $m	Net Income Statement impact $m
Long-term oil price:				
Decrease to $60/bbl	**(8.0)**	**(2.8)**	**2.5**	**(8.3)**
Increase to $70/bbl	**3.3**	**5.6**	**(0.9)**	**8.0**
Discount rate:				
Decrease to 12.5%	**2.2**	**7.7**	**(0.8)**	**9.1**
Increase to 17.5%	**(7.9)**	**(3.3)**	**2.8**	**(8.4)**
Increase to 20%	**(15.2)**	**(6.0)**	**5.4**	**(15.8)**
Rate of revenue collection:				
Decrease to 3 months from production	**6.1**	**14.6**	**(1.9)**	**18.8**
Increase to 9 months from production	**(31.9)**	**(9.4)**	**7.8**	**(33.5)**
Carbon prices:				
Increase by 10%	**(3.2)**	**(1.3)**	**1.3**	**(3.2)**
Increase by 20%	**(6.7)**	**(2.3)**	**2.6**	**(6.4)**

SECTION 3 – WORKING CAPITAL, FINANCIAL INSTRUMENTS AND LONG-TERM LIABILITIES

This section includes detail on the Group's loan facilities, movements in lease liabilities and financial assets and liabilities at the year-end. The Group's financial risk management objectives and policies are also contained in this section.

Significant accounting judgements and key estimates and assumptions in this section:

Expected credit loss adjustment on Egypt trade receivables
Capricorn has reviewed and increased expected credit loss adjustments that reduce the value of receivables in Egypt. While Capricorn ultimately expects to recover the full value of receivables, the increased ageing of receivables and the worsening economic climate in Egypt through 2023 has impacted the credit risk assessment of the receivable.

$4.1m of the current year increase in expected credit loss provisions relates to balances greater than one year old that are fully provided. There is no potential change in assumptions that would lead to material impact on the financial statements.

3.1 Cash and Cash Equivalents

	At 31 December 2023 $m	At 31 December 2022 $m
Cash at bank	**12.8**	63.4
Bank deposit less than three months	**20.0**	298.0
Money market funds	**156.7**	395.4
	189.5	756.8

At 31 December 2023, $10.6m (2022: $52.5m) of cash and cash equivalents are restricted and not available for immediate ordinary business use. This includes $5.6m (2022: $43.5m) of cash and cash equivalents in Egypt.

Cash and cash equivalents earn interest at floating rates. Short-term investments are made for varying periods, which can be as short as instant access but generally not more than three months, depending on the cash requirements of the Group. At 31 December 2022 and 31 December 2023, Capricorn had invested surplus funds into money market funds and short-term bank deposits. These meet the criteria of cash and cash equivalents.

Capricorn limits the placing of funds and other investments to banks or financial institutions that have ratings of A- or above from at least two of Moody's, Standard & Poor's or Fitch, unless a sovereign guarantee is available from a AAA- rated government. The counterparty limits vary between $50.0m and $200.0m depending on the ratings of the counterparty. No investments are placed with any counterparty with a five-year credit default swap exceeding 250 bps. Investments in money market liquidity funds are only made with AAA-rated liquidity funds.

SECTION 3 – WORKING CAPITAL, FINANCIAL INSTRUMENTS AND LONG-TERM LIABILITIES CONTINUED

3.2 Loans and Borrowings

Reconciliation of opening and closing liabilities to cash flow movements:	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Opening liabilities	**158.6**	177.0
Loan repayments in the year disclosed in the Statement of Cash Flows		
Senior Debt Facility	**(48.3)**	(21.5)
Non-cash movements:		
Accrued debt facility interest	**0.6**	2.2
Amortisation of debt arrangement fees	**0.9**	0.9
Closing liabilities	**111.8**	158.6
Amounts due less than one year	**15.4**	25.4
Amounts due greater than one year	**96.4**	133.2
Closing liabilities	**111.8**	158.6

Capricorn Egypt Debt Facilities

In September 2021, Capricorn Egypt Limited entered into a $325.0m Senior Debt Facility and an $80.0m Junior Debt Facility jointly with Cheiron, the joint operation partner in Egypt, to finance the acquisition of the Egyptian Western Desert Portfolio. The facility commitments are split 50:50 with Cheiron. Facility commitments began amortising in September 2022 and the maximum drawdown available to Capricorn at 31 December 2023 was $73.6m (2022: $119.9m) for the Senior Debt Facility and $40.0m (2022: $40.0m) for the Junior Debt Facility.

At the date of approval of these financial statements, Capricorn and Cheiron are seeking waivers from the lenders for potential events of default under the facilities, all related to a lack of a payment plan from EGPC for resolving the trade receivables position.

With effect from 1 July 2023, the Secured Overnight Financing Rate (SOFR) replaced LIBOR as the benchmark for calculating interest on the two facilities. Interest on debt drawn is charged at the appropriate SOFR for the currency drawn plus an applicable margin. The Senior Debt Facility remains subject to biannual redeterminations, has a market standard suite of covenants, including biannual liquidity tests, and is cross-guaranteed by the Group companies party to the facility, including Cheiron. Capricorn has provided no guarantee outside the subsidiary holding the Egypt assets.

Any debt drawn is repayable in line with the amortisation of bank commitments over the period to the extended final maturity date of September 2026. All drawings in the year were denominated in $.

3.3 Lease Liabilities

Accounting policy

Lease liabilities are measured and recorded on commencement of the asset being brought into use. Measurement is based on the lower of fair value of the asset or the net present value of fixed lease commitments under the contract. Lease payments made in excess of the fixed instalments are charged direct to the Income Statement as variable lease costs.

Lease payments are allocated between capital and interest based on the rate implicit in the lease agreement. Where this is not practical to determine, the Group's incremental borrowing rate is used.

Where there are changes subsequent to initial recognition, adjustments are made to both the lease liability and the capitalised asset. The interest rate used where the rate implicit in the lease is not determinable is updated at the date of the remeasurement.

No lease liability is recognised for leases where the period over which the right-of-use of an asset is obtained is forecast to be less than 12 months. Leases for low value items are not recorded as a liability but are charged as appropriate when the benefit is obtained.

Reconciliation of opening and closing liabilities to cash flow movements:	At 31 December 2023 $m	At 31 December 2022 $m
Opening liabilities	**4.3**	3.7
Lease payments in the period disclosed in the Statement of Cash Flows as financing cash flows		
Total lease payments	**(2.2)**	(2.5)
Non-cash movements:		
Lease additions	**15.5**	3.2
Lease termination	**(1.6)**	–
Lease interest charges	**0.5**	0.2
Lease disposal	**(9.5)**	–
Foreign exchange	**0.4**	(0.3)
Closing lease liabilities	**7.4**	4.3
Amounts due less than one year	**1.0**	1.9
Amounts due greater than one year	**6.4**	2.4
Total lease liabilities	**7.4**	4.3

At as 31 December 2023, the balance of $7.4m wholly relates to office lease costs in the UK and Egypt. Additions of $15.5m in 2023 relate to new office lease liabilities in the UK.

During 2023, Capricorn's lease of two floors for the head office on Lothian Road, Edinburgh expired. The Group had previously entered into lease agreements for two floors in new office premises in Edinburgh, but following the Board's strategic review, plans to move into those new offices were cancelled. Capricorn reached agreement to cancel the lease of one floor in 2023 and to sub-lease the remaining floor subsequent to the year end. The remaining floor has a lease term of 15 years with a break clause after 10 years. The Group subsequently entered into a lease agreement for new premises on a different floor within the Lothian Road building. This lease is for an initial three years with the option to extend for a further two.

As at 31 December 2023, the Group did not incur any further fixed or variable lease costs. There are no material costs relating to short-term leases or the lease of low value assets. Amortisation charges relating to right-of-use assets and the carrying value at the year-end are disclosed in note 2.5. The maturity analysis of lease liabilities is included in note 3.9.

3.4 Inventory

Accounting policy

Spare parts inventories in Egypt are maintained by Bapetco on behalf of the operator Cheiron. Inventory is held at the lower of cost and net realisable value, where net realisable value is measured at cost less provisions for obsolescence, based on the age of the items held.

Oil inventory is measured at market value.

	31 December 2023 $m	31 December 2022 $m
Spare parts – Egypt concessions	**8.3**	8.1

SECTION 3 – WORKING CAPITAL, FINANCIAL INSTRUMENTS AND LONG-TERM LIABILITIES CONTINUED

3.5 Trade and Other Receivables

Accounting policy

Trade receivables represent amounts due from the sale of oil and gas from the Group's assets in Egypt and royalty payments receivable from producing fields in Mongolia. Other receivables primarily represent recharges to joint operations. Joint operation receivables relate to Capricorn's interest in its oil and gas joint arrangements, including Capricorn's participating interest share of the receivables of the joint arrangements themselves.

Trade receivables, other receivables and joint operation receivables, which are financial assets, are measured initially at fair value and subsequently recorded at amortised cost.

A loss allowance is recognised, where material, for expected credit losses on all financial assets held at the balance sheet date. Expected credit losses are the difference between the contractual cash flows due to Capricorn and the discounted actual cash flows that are expected to be received. Where there has been no significant increase in credit risk since initial recognition, the loss allowance is equal to 12-month expected credit losses. Where the increase in credit risk is considered significant, lifetime credit losses are provided. For trade receivables, a lifetime credit loss is recognised on initial recognition where material.

Prepayments, which are not financial assets, are measured at historic cost.

	At 31 December 2023 $m	At 31 December 2022 $m
Trade receivables	168.5	96.9
Other receivables	11.0	19.6
Prepayments	1.5	5.3
Joint operation receivables	5.0	20.7
	186.0	142.5

Trade receivables relate to the Group's producing assets in Egypt. Capricorn remains in discussions with EGPC and the operator to manage the receivables position and Capricorn will not commit to further investment in Egypt until a payment plan is agreed. At 31 December 2023, the expected credit loss adjustment offsetting receivables has increased to $9.0m (2022: $1.0m).

Trade receivables are initially recorded at fair value, adjusting for expected credit losses, and subsequently measured at amortised cost. Revenue is recognised at the point in time where title passes to the customer and payment becomes unconditional. The fair value measurement of revenue for oil and gas sales in Egypt includes adjustments to invoiced quantities for expected entitlement share adjustments.

Other receivables balance of $11.0m (2022: $19.6m) includes interventure receivables of $1.4m (2022: $9.1m), VAT recoverable in the UK and Mexico of $3.6m (2022: $4.4m), money market interest receivable of $0.6m (2022: $3.3m) and earnout settlement receivable of $2.0m (2022: $nil), see note 6.1.

Reconciliation of opening and closing receivables to operating cash flow movements:	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Opening trade and other receivables	142.5	1,211.2
Closing trade and other receivables	(186.0)	(142.5)
(Increase)/Decrease in trade and other receivables	(43.5)	1,068.7
Foreign exchange	(1.2)	(17.3)
India tax refund received	–	(1,056.0)
Decrease in joint operation receivables relating to investing activities	(18.5)	(27.7)
Decrease in other receivables relating to investing activities	(4.2)	(8.7)
(Decrease)/Increase in prepayments relating to investing activities	(2.2)	0.6
(Decrease)/Increase in prepayments and other receivables relating to financing activities	(1.4)	1.7
Trade and other receivables recognised on earnout settlement	2.0	–
Trade and other receivables cash flow movement	(69.0)	(38.7)

The movements in joint operation receivables relating to investing activities relate to the Group's share of the receivables of joint operations in respect of exploration, appraisal and development activities.

3.6 Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Financial assets	At 31 December 2023 $m	At 31 December 2022 $m
Non-current assets		
Financial assets at fair value through profit or loss – earnout consideration	–	89.7
Financial assets at fair value through profit or loss – non-listed investment fund	–	6.5
	–	96.2
Current assets		
Financial assets at fair value through profit or loss – earnout consideration	–	134.4
	–	134.4

Financial assets at fair value through profit or loss – Earnout consideration

On 18 December 2023, Capricorn reached an agreement with Waldorf Petroleum whereby all future earnout consideration due to Capricorn was settled, see note 6.1. There is therefore no financial asset at fair value through profit to loss in relation to the earnout consideration at 31 December 2023. Details of the loss on disposal of the financial assets can also be found in note 6.1.

On 31 March 2023, Capricorn received $136.7m in full settlement of the 2022 earnout consideration due with interest from 1 January 2023 of $2.3m. See note 6.1 for further detail.

Financial assets at fair value through profit or loss – Listed equity investments

In 2021, Capricorn invested $6.9m into a non-listed trust in India and with a minimum investment period of five years, this is recorded as a non-current financial asset and measured at fair value. In 2023, the Group entered into an agreement to release Capricorn from the minimum investment period and dispose of its investment for $3.2m and the asset is now reclassified as an asset held-for-sale at the balance sheet date, after testing for impairment. See note 3.10 for further detail.

In March 2022, the Group sold its remaining shareholding in Vedanta, listed in India, for INR968m ($12.8m).

Financial liabilities	At 31 December 2023 $m	At 31 December 2022 $m
Non-current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	**(19.8)**	(36.8)
	(19.8)	(36.8)
Current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	**(25.0)**	(25.0)
	(25.0)	(25.0)

Financial liabilities at fair value through profit or loss – deferred consideration on business combination

Deferred consideration is due to Shell following the Egypt business combination in 2021. Amounts due are determined by the average annual dated Brent oil price for each year up to 2024, with a maximum $50.0m due for each year, split 50:50 between Capricorn and Cheiron, if the average price exceeds $75/bbl. The full $25.0m was payable in respect of 2022 and was settled in January 2023. Capricorn and Cheiron are in discussions with Shell regarding settlement of the $25m due for the 2023.

The fair value of the liability in respect of remaining years is based on third-party mark-to-market valuations. During the year, the Group made a loss of $8.0m (2022: $12.7m) on fair value movements increasing the liability.

SECTION 3 – WORKING CAPITAL, FINANCIAL INSTRUMENTS AND LONG-TERM LIABILITIES CONTINUED

3.7 Trade and Other Payables

Accounting policy
Trade and other payables are non-interest bearing and are measured at fair value initially then amortised cost subsequently.

Joint operation payables are payables that relate to Capricorn's interest in its oil and gas joint arrangements, including Capricorn's participating interest share of the trade and other payables of the joint arrangements themselves. Where Capricorn is operator of the joint operation, joint operation payables also include amounts that Capricorn will settle to third parties on behalf of joint operation partners. The amount to be recovered from partners for their share of such liabilities are included within joint operation receivables.

	At 31 December 2023 $m	At 31 December 2022 (restated) $m
Trade payables	0.3	1.5
Other taxation and social security	0.5	1.9
Accruals and other payables	7.9	21.6
Joint operation payables	73.3	59.9
	82.0	84.9

Joint operation payables include $6.4m (2022: $18.3m) and $66.9m (2022: $41.6m) relating to exploration/appraisal asset and development/producing asset costs respectively.

Reconciliation of opening and closing payables to operating cash flow movements:	Year ended 31 December 2023 $m	Year ended 31 December 2022 (restated) $m
Opening trade and other payables	(84.9)	(152.2)
Closing trade and other payables	82.0	84.9
Decrease in trade and other payables	(2.9)	(67.3)
Foreign exchange	1.6	3.4
Decrease in trade payables relating to investing activities	0.7	0.5
(Increase)/Decrease in joint operation payables relating to investing activities	(38.1)	32.4
Decrease in accruals and other payables relating to investing activities	–	3.0
Decrease/(Increase) in accruals and other payables relating to financing activities	0.1	(0.5)
Decrease in accruals and other payables relating to other non-operating activities	–	18.7
Trade and other payables movement recorded in operating cash flows	(38.6)	(9.8)

Movements above for investing activities relate to exploration, appraisal and development activities through the Group's joint operations. Movements relating to production activities are included in amounts through operating cash flows. The movement in accruals and other payables relating to other non-operating activities is in relation to the share repurchase.

3.8 Financial Instruments

Below is the comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the Financial Statements.

Financial assets

Carrying amount and fair value	At 31 December 2023 $m	At 31 December 2022 $m
Financial assets at amortised cost		
Other long-term receivable – deferred consideration	**20.6**	–
Cash and cash equivalents	**189.5**	756.8
Trade receivables	**168.5**	96.9
Other receivables	**11.0**	19.6
Joint operation receivables (excluding VAT)	**3.2**	14.1
Financial assets at fair value through profit or loss		
Earnout consideration	**–**	224.1
Non-listed investment fund	**–**	6.5
	392.8	1,118.0

The fair value of other long-term receivables held at amortised cost relating to deferred consideration does not materially differ from its carrying value. Due to the short-term nature of remaining financial assets held at amortised cost, their carrying amount is considered to be the same as their fair value.

There are no material impairments of financial assets held on the Balance Sheet at either 31 December 2023 or 2022.

Maturity analysis of financial assets

The other long-term receivable – deferred consideration is expected to mature early January 2025 on receipt of the remaining $22.5m due. All other financial assets at amortised costs are expected to mature within 12 months.

There were no financial assets at fair value through profit or loss at 31 December 2023. The expected financial maturity of the Group's financial assets at fair value through profit or loss at 31 December 2022 was as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial assets at fair value through profit or loss				
Earnout consideration	134.4	52.9	36.8	–
Non-listed investment fund	–	–	6.5	–
	134.4	52.9	43.3	–

Financial liabilities

Carrying amount and fair value	At 31 December 2023 $m	At 31 December 2022 (restated) $m
Financial liabilities at amortised cost		
Trade payables	**0.3**	1.5
Accruals and other payables	**7.9**	21.6
Joint operation payables	**73.3**	59.9
Lease liabilities	**7.4**	4.3
Loans and borrowings	**111.8**	158.6
Financial liabilities at fair value		
Deferred consideration on business combinations	**44.8**	61.8
	245.5	307.7

The fair value of financial liabilities has been calculated by discounting the expected future cash flows at prevailing interest rates.

3.8 Financial Instruments continued

Financial liabilities continued

Maturity analysis of financial liabilities

The expected financial maturity of the Group's financial liabilities at 31 December 2023 is as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial liabilities at amortised cost				
Trade payables	0.3	–	–	–
Accruals and other payables	7.9	–	–	–
Joint operation payables	73.3	–	–	–
Lease liabilities	1.0	1.3	3.3	1.8
Loans and borrowings	27.1	33.9	84.9	–
Financial liabilities at fair value				
Deferred consideration on business combinations	25.0	19.8	–	–
	134.6	55.0	88.2	1.8

The expected financial maturity of the Group's financial liabilities at 31 December 2022 (restated) was as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial liabilities at amortised cost				
Trade payables	1.5	–	–	–
Accruals and other payables	21.6	–	–	–
Joint operation payables	59.9	–	–	–
Lease liabilities	1.9	0.8	1.6	–
Loans and borrowings	25.4	42.1	91.1	–
Financial liabilities at fair value				
Deferred consideration on business combinations	25.0	36.8	–	–
	135.3	79.7	92.7	–

Fair value

	At 31 December 2023 $m	At 31 December 2022 $m
Assets measured at fair value – Level 2		
Financial assets at fair value through profit or loss		
Earnout consideration	–	224.1
Non-listed investment fund	–	6.5
Liabilities measured at fair value – Level 2		
Financial liabilities at fair value		
Deferred consideration on business combinations	(43.8)	(58.9)
Liabilities measured at fair value – Level 3		
Financial liabilities at fair value		
Deferred consideration on business combinations	(1.0)	(2.9)
	(44.8)	168.8

3.9 Financial Risk Management: Objectives and Policies

The main risks arising from the Group's financial instruments are commodity price risk, liquidity risk, credit risk and foreign currency risk. The Board of Capricorn Energy PLC, through the Treasury Subcommittee, reviews and agrees policies for managing each of these risks and these are summarised below.

The Group's Treasury function and Executive Team as appropriate are responsible for managing these risks, in accordance with the policies set by the Board. Management of these risks is carried out by monitoring of cash flows, investment and funding requirements using a variety of techniques. These potential exposures are managed while ensuring that the Company and the Group have adequate liquidity at all times in order to meet their immediate cash requirements. There are no significant concentrations of risks unless otherwise stated. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The primary financial assets and liabilities comprise cash, short- and medium-term deposits, money market liquidity funds, intra-group loans and other receivables and financial liabilities held at amortised cost. The Group's strategy is to finance its operations through a mixture of retained profits and bank borrowings. Other alternatives such as equity issues and other forms of non-investment-grade debt finance will be reviewed by the Board, when appropriate.

Commodity price risk

Commodity price risk arises principally from the Group's Egyptian production, which could adversely affect revenue and debt availability due to changes in commodity prices.

The Group measures commodity price risk through an analysis of the potential impact of changing commodity prices. Based on this analysis and considering materiality and the potential business impact, the Group may choose to hedge. However, the Group did not enter into any commodity price hedging arrangements during either period covered by this report.

Liquidity risk

The Group closely monitors and manages its liquidity risk using both short- and long-term cash flow projections, supplemented by debt and equity financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, further delays in the settlement of trade receivables in Egypt, changes in asset production profiles and cost schedules.

During the year, the Group's Treasury function has actively managed the Group's $ and EGP position in Egypt. EGP has been maintained at sufficient levels to meet upcoming local and joint operation payments falling due, but limiting holding significant funds to avoid exposure to currency devaluation. $ payments have been carefully managed to match cash inflows on receivable settlements.

The Group runs sensitivities on its liquidity position at various times throughout the year. This includes scenarios forecasting different levels of capital expenditure dependant on uncertain payment schedules from EGPC. Further details are noted in the Viability Statement provided on page 41. Details of the Group's debt facilities can be found in note 3.2. The Group is subject to biannual forecast liquidity tests as part of the facility agreements. Future liquidity of the Egypt business is dependent upon reaching resolution to the receivables issue with EGPC. Outside of Egypt the Group has sufficient funds to settle all other financial liabilities.

The Group invests cash in a combination of money market liquidity funds and term deposits with a number of international and UK financial institutions, ensuring sufficient liquidity to enable the Group to meet its short- and medium-term expenditure requirements.

Credit risk

Credit risk arises from cash and cash equivalents, investments with banks and financial institutions, trade and other receivables and joint operation receivables.

Customers, joint operation partners and other debtors are subject to a risk assessment using publicly available information and credit reference agencies, with follow-up due diligence and monitoring if required. At the year-end, the Group's trade receivables primarily relates to amounts due from EGPC for oil and gas sales in Egypt and . Amounts are recognised after providing for expected credit losses, based on management's assessment of credit risk.

Investment credit risk for investments with banks and other financial institutions is managed by the Group Treasury function in accordance with the Board-approved policies of Capricorn Energy PLC. These policies limit counterparty exposure, maturity, collateral and take account of published ratings, market measures and other market information. The limits are set to minimise the concentration of risks and therefore mitigate the risk of financial loss through counterparty failure.

It is Capricorn's policy to invest with banks or other financial institutions that, firstly, offer the greatest degree of security in the view of the Group and, secondly, the most competitive interest rates. Repayment of principal is the overriding priority and this is achieved by diversification and shorter maturities to provide flexibility. The Board continually reassesses the Group's policy and updates as required.

At the year-end the Group does not have any significant concentrations of bad debt risk with financial institutions. As at 31 December 2023, the Group had investments with 14 counterparties (2022: 21) to ensure no concentration of counterparty investment risk. At 31 December 2022 and 2023, the Group's investments were a combination of instant access and term deposits.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

SECTION 3 – WORKING CAPITAL, FINANCIAL INSTRUMENTS AND LONG-TERM LIABILITIES CONTINUED

3.9 Financial Risk Management: Objectives and Policies continued

Foreign currency risk

Capricorn manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position.

The Group also aims where possible to hold surplus cash, debt and working capital balances in the functional currency of the subsidiary, thereby matching the reporting currency and functional currency of most companies in the Group. This minimises the impact of foreign exchange movements on the Group's Balance Sheet.

Where residual net exposures do exist and they are considered significant, the Company and Group may from time to time opt to use derivative financial instruments to minimise exposure to fluctuations in foreign exchange and interest rates.

The following table demonstrates the sensitivity to movements in the $:GBP exchange rate, with all other variables held constant, on the Group's monetary assets and liabilities. These are considered to be reasonably possible changes for the purposes of sensitivity analysis. The Group's exposure to foreign currency changes for all other currencies, including EGP, is not material.

	At 31 December 2023		At 31 December 2022	
	Effect on profit before tax $m	Effect on equity $m	Effect on profit before tax $m	Effect on equity $m
10% increase in GBP to $	(8.1)	(1.0)	(17.9)	(5.3)
10% decrease in GBP to $	8.1	1.0	17.9	5.3

3.10 Asset Held-for-Sale

In October 2021, Capricorn invested INR508,089,142 ($6.9m) into a non-listed trust in India. The asset was recorded as a non-current financial asset and measured at fair value. During 2023, an agreement was reached to sell the investment, subsequently, the asset was reclassified from a financial asset at fair value through profit or loss to an asset held-for-sale.

At 1 January 2023, the investment had a fair value of $6.5m, which subsequently increased to $7.2m at the date of reclassification giving rise to a fair value gain in the year of $0.8m, offset by an exchange loss of $0.1m. On reclassification to an asset held-for-sale an impairment of $4.0m was recorded.

	Total $m
Cost as at 28 October 2021	6.9
Fair value gain	0.3
Exchange loss	(0.7)
As at 31 December 2022 (within Financial assets at fair value through profit or loss, see note 3.6)	6.5
Fair value gain up to reclassification to asset held-for-sale	0.8
Exchange loss	(0.1)
Impairment	(4.0)
At at 31 December 2023	**3.2**

This section contains further Income Statement analysis, including segmental analysis, details of employee benefits payable in the year, finance income and finance costs.

Significant accounting judgements in this section:

Segmental disclosures and discontinued operations

IFRS 8 'Operating Segments' does not provide guidance as to whether segment disclosures apply to discontinued operations. For the comparative period, Capricorn has presented segmental disclosures inclusive of the results of the discontinued operations relating to the UK producing assets, Catcher and Kraken. The current year movements, largely relating to fair value movements on the earnout consideration due, are included within the 'Other Capricorn Energy Group' segment.

Key estimates and assumptions in this section:

There are several key estimates and assumptions used in the calculation of the Group's share-based payment charges. These are detailed in note 4.4 (b).

4.1 Segmental Analysis

Operating segments

Capricorn had two reportable operating segments during 2023 relating to its operations in Egypt and Mexico. Previous segments of Eastern and Western assets are no longer reported following the relinquishment of assets in Mauritania, Mexico, Suriname and the UK and comparative information has been adjusted to reflect the changes in the organisation. In 2022, the UK was also a reportable segment and is separately disclosed in comparative information and in the non-current asset disclosures below, though activities continued in the UK, it was not a reportable segment in 2023.

The Board monitored the results of each segment separately for the purposes of making decisions about resource allocation and performance assessment.

The Other Capricorn Energy Group segment exists to accumulate the activities and results of the Parent and other holding companies together with other unallocated expenditure and net assets/liabilities, including amounts of a corporate nature not specifically attributable to any of the business units.

Non-current assets as analysed on a segmental basis consist of: intangible exploration/appraisal assets; property, plant & equipment – development/producing assets; goodwill; and other property, plant & equipment and intangible assets. Comparative information has been restated for the change in accounting policy and prior year restatement. See note 1.3.

Geographical information: non-current assets	At 31 December 2023 $m	At 31 December 2022 (restated) $m
Egypt	**232.0**	302.9
Mexico	**0.2**	1.5
UK	**27.6**	–
Other Capricorn Energy Group	**13.2**	11.9
Total non-current assets	**273.0**	316.3

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.1 Segmental Analysis continued

Operating segments continued

The segment results for the year ended 31 December 2023 are as follows:

	Egypt $m	Mexico $m	Other Countries $m	Other Capricorn Energy Group $m	Total $m
Revenue	199.9	–	–	1.1	**201.0**
Other income	54.1	–	–	–	**54.1**
Cost of sales	(59.6)	–	–	–	**(59.6)**
Depletion charges	(120.4)	–	–	–	**(120.4)**
Gross profit	**74.0**	**–**	**–**	**1.1**	**75.1**
Pre-award costs	(0.7)	–	–	(0.4)	**(1.1)**
General exploration costs	(10.4)	(10.3)	(6.2)	–	**(26.9)**
Unsuccessful exploration costs	(2.6)	(16.0)	(1.9)	–	**(20.5)**
Impairment of property, plant & equipment – development/producing assets	(29.1)	–	–	–	**(29.1)**
Impairment of goodwill	(14.6)	–	–	–	**(14.6)**
Expected credit loss adjustment on revenue receivable	(9.0)	–	–	–	**(9.0)**
Other operating income	–	–	–	0.6	**0.6**
Depreciation – purchased assets	–	–	–	(0.2)	**(0.2)**
Amortisation – right-of-use assets	(0.3)	–	–	(2.3)	**(2.6)**
Amortisation of other intangible assets	–	(0.3)	–	(3.6)	**(3.9)**
Other administrative expenses	(1.9)	(2.9)	(0.1)	(50.3)	**(55.2)**
Operating profit/(loss)	**5.4**	**(29.5)**	**(8.2)**	**(55.1)**	**(87.4)**
Fair value loss – deferred consideration	(8.0)	–	–	–	**(8.0)**
Gain on financial assets at fair value through profit or loss	–	–	–	0.8	**0.8**
Impairment of an asset held-for-sale	–	–	–	(4.0)	**(4.0)**
Interest income	0.4	–	0.1	19.9	**20.4**
Interest expense	(15.0)	–	–	(0.5)	**(15.5)**
Other net finance (expense)/income	(2.7)	1.7	(0.5)	(6.9)	**(8.4)**
Loss before tax from continuing operations	**(19.9)**	**(27.8)**	**(8.6)**	**(45.8)**	**(102.1)**
Tax charge	(40.5)	–	–	–	**(40.5)**
Loss for the year from continuing operations	**(60.4)**	**(27.8)**	**(8.6)**	**(45.8)**	**(142.6)**
Loss from discontinued operations	–	–	–	(1.4)	**(1.4)**
Loss attributable to equity holders of the Parent	**(60.4)**	**(27.8)**	**(8.6)**	**(47.2)**	**(144.0)**
Balances as at 31 December 2023:					
Capital expenditure	**96.4**	**15.0**	**1.9**	**1.9**	**115.2**
Total assets	**426.8**	**8.6**	**29.8**	**202.4**	**667.6**
Total liabilities	**237.2**	**5.2**	**5.9**	**12.8**	**261.1**
Non-current assets	**232.0**	**0.2**	**27.6**	**13.2**	**273.0**

Revenue in the Egypt segment contains revenue generated from eight concessions in the Western Desert, onshore The Arab Republic of Egypt. 93.1% ($187.1m) of revenue related to sales to a single customer.

All transactions between segments are carried out on an arm's length basis.

4.1 **Segmental Analysis** continued

Operating segments continued

The segment results for the year ended 31 December 2022 were as follows:

	Egypt (restated) $m	Mexico (restated) $m	UK (restated) $m	Other Countries (restated) $m	Other Capricorn Energy Group $m	Total (restated) $m
Revenue	228.9	–	–	–	0.7	229.6
Other income	54.8	–	–	–	–	54.8
Cost of sales	(71.2)	–	–	–	–	(71.2)
Depletion charges	(131.3)	–	–	–	–	(131.3)
Gross profit	81.2	–	–	–	0.7	81.9
Pre-award costs	(2.8)	–	(0.8)	–	(5.6)	(9.2)
Unsuccessful exploration costs	–	(17.4)	(40.4)	–	–	(57.8)
General exploration costs	(18.3)	(10.1)	(8.3)	(12.0)	–	(48.7)
Impairment of property, plant & equipment – development/producing assets	(42.6)	–	–	–	–	(42.6)
Other operating income and expenses	4.0	–	–	–	1.8	5.8
Depreciation – purchased assets	–	–	–	–	(0.3)	(0.3)
Amortisation – right-of-use assets	(0.1)	(0.1)	–	–	(1.8)	(2.0)
Amortisation of other intangible assets	–	(0.3)	–	–	(3.2)	(3.5)
Other administrative expenses	(0.8)	(1.5)	–	–	(56.9)	(59.2)
Operating profit/(loss)	20.6	(29.4)	(49.5)	(12.0)	(65.3)	(135.6)
Fair value loss – deferred consideration	(12.7)	–	–	–	–	(12.7)
Gain on financial assets at fair value through profit or loss	–	–	–	–	2.3	2.3
Interest income	0.3	2.3	–	–	12.4	15.0
Interest expense	(13.2)	–	–	–	(0.2)	(13.4)
Other net finance (expense)/income	(8.5)	0.7	2.1	0.1	1.5	(4.1)
Loss before tax from continuing operations	(13.5)	(26.4)	(47.4)	(11.9)	(49.3)	(148.5)
Tax charge	(27.7)	–	–	–	(0.2)	(27.9)
Loss for the year from continuing operations	(41.2)	(26.4)	(47.4)	(11.9)	(49.5)	(176.4)
Profit from discontinued operations	–	–	–	–	109.3	109.3
(Loss)/Profit attributable to equity holders of the Parent	(41.2)	(26.4)	(47.4)	(11.9)	59.8	(67.1)
Balances as at 31 December 2022:						
Capital expenditure	75.8	1.2	36.2	–	10.7	123.9
Total assets	478.8	21.3	226.5	0.1	736.3	1,463.0
Total liabilities	299.4	5.4	10.6	1.7	24.3	341.4
Non-current assets	302.9	1.5	–	–	11.9	316.3

Revenue in the Egypt segment contains revenue generated from eight concessions in the Western Desert, onshore The Arab Republic of Egypt. 90.8% ($207.7m) of revenue related to sales to a single customer.

All transactions between the segments were carried out on an arm's length basis.

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.2 Pre-Award Costs

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Egypt	0.7	2.8
Other countries	0.4	6.4
	1.1	9.2

Pre-award costs represent time costs, legal fees and other direct charges incurred in pursuit of new opportunities in regions which complement the Group's current licence interests and risk appetite. Other pre-award costs relate to new opportunities outside the current regions of the business.

4.3 Administrative and Other Expenses

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Administrative expenses	55.0	40.8
Administrative expenses – Indian tax arbitration costs	–	13.1
Other expenses – corporate transactions	6.9	11.1
	61.9	65.0

Included within current-year corporate transactions are costs of $6.9m (2022: $11.1m) relating to corporate transactions subsequently terminated.

4.4 Employee Benefits: Staff Costs, Share-Based Payments and Directors' Emoluments

a) Staff costs

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Wages and salaries	18.4	31.1
Social security costs	0.5	7.8
Redundancy costs	16.5	0.6
Other pension costs	1.9	2.6
Share-based payments	2.5	10.5
	39.8	52.6

Staff costs are shown gross before amounts recharged to joint operations. The share-based payments charge represents amounts in respect of equity-settled options.

The monthly average number of full-time equivalent employees, including Executive Directors and individuals employed by the Group working on joint operations was:

	Number of employees	
Continuing operations:	Monthly average 2023	Monthly average 2022
UK	90	186
Egypt	22	17
Mexico	5	7
	117	210

4.4 Employee Benefits: Staff Costs, Share-Based Payments and Directors' Emoluments continued

b) Share-based payments

Income statement charge

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Included within gross staff costs (continuing operations):		
SIP	**2.1**	1.5
LTIP	**(0.1)**	7.4
Employee Share Scheme	**0.5**	1.6
	2.5	10.5

In 2023, a reversal of prior year charges of $2.4m was recorded against LTIP share-based payment charges, relating to two former directors who left the business in 2023, forfeiting their awards.

Details of awards with a significant impact on the results for the current and prior year are given below, together with a summary of the remaining awards.

Share-based payment schemes and awards details

The Group operates a number of share award schemes for the benefit of its employees.

The number of share awards made by the Company during the year is given in the table below, together with their weighted average fair value (WAFV) and weighted average grant or exercise price (WAGP/WAEP):

	Year ended 31 December 2023			Year ended 31 December 2022		
	WAFV £	WAGP/ WAEP £	Number of shares	WAFV £	WAGP/ WAEP £	Number of shares
SIP – free shares	**1.72**	**1.72**	**87,990**	1.97	1.97	355,020
SIP – matching shares	**2.11**	**2.11**	**190,212**	2.14	2.14	247,763
LTIP	**0.99**	**1.86**	**1,483,771**	1.08	1.96	7,475,459
Employee Share Scheme	**2.48**	**1.87**	**228,175**	1.33	1.96	1,290,742
			1,990,148			9,368,984

The awards existing under the LTIP with the WAGP are as follows:

	2023		2022	
	Number of shares	WAGP £	Number of shares	WAGP £
At 1 January	**27,386,242**	**1.72**	29,580,589	1.71
Granted during the year	**1,483,771**	**1.86**	7,475,459	1.96
Exercised during the year	**(4,734,541)**	**1.84**	(4,382,718)	2.06
Lapsed during the year	**(12,351,337)**	**1.61**	(5,287,088)	1.71
At 31 December	**11,784,135**	**1.79**	27,386,242	1.72

The weighted average remaining contractual life of outstanding awards under the LTIP at 31 December 2023 was 0.6 year (2022: 1.0 year). Included in the above are 757,365 of exercisable LTIP awards (2022: 1,083,247). No exercise price is payable in respect of LTIP awards.

The awards existing under all share schemes other than the LTIP with the weighted average of the grant price, exercise price and notional exercise prices (WAGP/WAEP) are as follows:

	2023		2022	
	Number of shares	WAGP/WAEP £	Number of shares	WAGP/WAEP £
At 1 January	**7,423,248**	**1.79**	10,701,372	1.79
Consolidation of shares	**(912,177)**	**1.82**	–	–
Granted during the year	**506,377**	**2.21**	1,893,525	1.98
Exercised during the year	**(3,853,745)**	**1.75**	(4,622,837)	1.88
Lapsed during the year	**(1,125,756)**	**1.88**	(548,812)	1.75
At 31 December	**2,037,947**	**1.90**	7,423,248	1.79

The weighted average remaining contractual life of outstanding awards under all other schemes at 31 December 2023 was 6.6 years (2022: 7.0 years). Included in the above are 278,927 of exercisable ESAS (2022: 874,146) and exercisable share options of 197,122 (2022: 574,964). No exercise price is payable in respect of ESAS; the share options had a range of exercise prices from £1.54 to £1.87.

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.4 Employee Benefits: Staff Costs, Share-Based Payments and Directors' Emoluments continued

b) Share-Based Payments continued

Assumptions and inputs

The fair value of the Capricorn Energy PLC LTIP scheme awards and the ESAS share awards were calculated using a Monte Carlo model.

Capricorn Energy PLC share awards normally have a 10-year life from the date of grant. Awards were exercised on a regular basis throughout the year, subject to the normal employee dealing bans imposed by the Company at certain times. The weighted average share price during the year was £2.10 (2022: £2.22).

For the awards issued in previous years, vesting percentage is by reference to the market performance of the Company's TSR compared with a group of peer companies. Vesting percentages for LTIPs can be above 100%. For the ESAS, 100% vesting occurs if the Company's TSR is in excess of the median of the comparator group, otherwise the ESAS will lapse in full.

In 2023, following the Company's restructure, it was recognised that relative TSR is a more common measure in the market, however, was considered not to be an appropriate measure of success at the present time. The Company awarded two types of LTIP shares to all employees and senior executives and no ESAS shares were awarded in 2023. It was determined that the vesting of the 2023 LTIP award would be linked to absolute shareholder returns.

Vesting percentages that will be delivered for their achievement, are as follows:

2023 LTIP – Senior Executive award

Share price at the end of the three-year measurement period	Percentage of ordinary shares comprised in award that vest
Less than or equal to £2.07	0%
£2.97 or higher	100%
Between £2.07 and £2.97	0%-100% on a straight-line basis

Senior Executive award vesting may be scaled back by up to 40% if the Committee determines that insufficient shareholder value has been generated during the first two years of the performance period.

2023 LTIP – Staff award

Share price at the end of the three-year measurement period	Percentage of ordinary shares comprised in award that vest
Less than or equal to £1.80	0%
£1.80	50%
£2.07 or higher	100%
Between £1.80 and £2.07	0%-100% on a straight-line basis

Fair Value of the 2023 awards using Monte Carlo Simulation model	£
Senior Executive award	0.85
Staff award	1.21

c) Directors' Emoluments and Remuneration of Key Management Personnel

Details of each Director's remuneration, pension entitlements, share options and awards pursuant to the LTIP are set out in the Directors' Remuneration Report on pages 80 to 107. Directors' remuneration, their pension entitlements and any share awards vested during the year are provided in aggregate in note 8.9.

Remuneration of key management personnel

The remuneration of the Directors of the Company and of the members of the management and corporate teams who are the key management personnel of the Group is set out below in aggregate.

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Short-term employee benefits	**6.0**	3.9
Post-employment benefits	**2.7**	0.3
Share-based payments	**0.5**	2.3
	9.2	6.5

In addition, employer's National Insurance Contributions for key management personnel in respect of short-term employee benefits were $0.2m (2022: $0.6m).

Share-based payments shown above represent the cost to the Group of key management personnel's participation in the Company's share schemes, measured under IFRS 2.

During 2023, 1,244,941 (2022: 1,392,309) shares awarded to key management personnel vested under the LTIP. In addition, 228,175 shares were awarded under the ESAS to an individual within key management personnel under a stand-alone agreement in February 2023; 153,159 shares lapsed in July 2023; the remaining of 75,016 shares were exercised at £1.87 in July 2023.

4.5 Finance Income

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Bank and other interest receivable	**21.8**	15.0
Other finance income	**–**	0.7
	21.8	15.7

4.6 Finance Costs

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Loan interest	**15.0**	13.2
Facility fees amortisation	**0.9**	0.9
Other interest and finance charges and unwind of discount	**1.7**	1.5
Exchange loss	**7.7**	2.6
	25.3	18.2

Loan interest of $15.0m (2022: $13.2m) was charged on the Egypt Junior and Senior Debt Facilities.

4.7 Loss per Ordinary Share

Basic and diluted loss per share are calculated using the following measures of loss:

	Year ended 31 December 2023 $m	Year ended 31 December (restated) 2022 $m
Loss and diluted loss after taxation from continuing operations	**(142.6)**	(176.4)
Loss and diluted loss attributable to equity holders of the Parent	**(144.0)**	(67.1)

The following reflects the share data used in the basic and diluted earnings per share computations:

	Number of shares 2023 '000	Number of shares 2022 '000
Weighted average number of shares	**196,128**	364,470
Less weighted average shares held by ESOP and SIP Trusts	**(2,777)**	(7,313)
Basic and diluted weighted average number of shares	**193,351**	357,157

The 2023 share repurchase programme and two share consolidations reduced the weighted average number of shares in 2023 (see note 7.1). 2022 weighted average number of shares have not been adjusted, on the basis that the share consolidation is considered to be in substance a share repurchase at fair value.

SECTION 5 – TAXATION

This section highlights the Group's taxation policies, including both the accounting policy and wider strategy and governance policies. Details can also be found on deferred tax liabilities and deferred tax assets existing at the year-end and the current tax charge recorded on Egypt's taxable profits.

Significant accounting judgements in this section:
Recognition of deferred tax liabilities and tax charge on profits from Egypt concessions
Under the Egypt concession agreements, each contractor's share of income tax due on taxable profit for the year is paid on the contractor's behalf by EGPC. However, the tax liability remains with the contractor to the point of settlement. Therefore, Capricorn has recognised deferred tax liabilities on the temporary taxable difference between the carrying value of non-current assets and their tax written down values. Capricorn also records a tax charge in the period for tax that is payable on the Group's share of profits from production in Egypt and records other income to reflect the settlement of this liability on the Group's behalf. The other income is recorded in gross profit; see note 2.1.

Deferred taxation – Potential deferred tax assets on Egypt concessions
At the year-end, Capricorn has reviewed whether deferred tax assets should be recognised and has assessed this both on the availability of future taxable profits over which the assets could be utilised and the carrying value of assets on the Balance Sheet at the year-end. It was concluded that a deferred tax asset should be recognised in relation to two of the Egyptian concessions.

Key estimates and assumptions in this section:
In determining whether future taxable profits are available to recognise deferred tax assets, Capricorn uses the same economic models that are used for measuring the fair value of oil and gas assets. The key assumptions are therefore consistent with those detailed in section 2.

Accounting policy
The total tax charge or credit represents the sum of current tax and deferred tax.

The current tax charge or credit is based on the taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Where there are uncertain tax positions, Capricorn assesses whether it is probable that the position adopted in tax filings will be accepted by the relevant tax authority, with the results of this assessment determining the accounting that follows. If it is not considered probable that the income tax filing position will be accepted by the tax authority, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability by using either the most likely amount or an expected value of the tax treatment, depending on which method is considered to better predict the resolution of the uncertainty, based on the underlying facts and circumstances.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences that exist only where it is probable that taxable profits will be generated against which the carrying value of the deferred tax asset can be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint operations where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset or liability is not recognised if a temporary difference arises on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. However, where the recognition of an asset is associated with an interest in a joint operation, which applies to all of Capricorn's intangible exploration/appraisal assets and property, plant & equipment – development/producing asset additions, and Capricorn is not able to control the timing of the reversal of the temporary difference or the temporary difference is expected to reverse in the foreseeable future, a deferred tax asset or liability shall be recognised.

Current and deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

5.1 Tax Strategy and Governance

The Group's tax strategy is fully aligned with its overarching business objectives and principles and applies to all taxes paid or borne by the Group. Capricorn aims to be a good corporate citizen, managing its tax affairs in a transparent and responsible manner in all the jurisdictions in which it operates, and seeks to build and maintain open and constructive relationships with all tax authorities. The Group is committed to transparency of tax contributions and other payments to governments and supports the Extractive Industries Transparency Initiative. Capricorn reports payments to governments in its Annual Report and Accounts as well as additional voluntary disclosures of taxes paid by the Group.

Capricorn undertakes tax planning that supports the business and reflects commercial and economic activity. The Group's policy is to not enter into any artificial tax avoidance schemes but to build and maintain strong collaborative working relationships with all relevant tax authorities based on transparency and integrity. Capricorn aims for certainty in relation to the tax treatment of all items; however, it is acknowledged that this will not always be possible, for example where transactions are complex or there is a lack of maturity in the tax regime in the relevant jurisdiction in which the Group is operating. In such circumstances Capricorn will seek external advice where appropriate and ensure that the approach adopted in any relevant tax return includes full disclosure of the position taken. Capricorn may also seek to work directly with tax authorities to resolve uncertainties where the tax laws are unclear or complex.

5.2 Tax Charge on (Loss)/Profit for the Year

Analysis of tax charge on Loss for the year

	Year ended 31 December 2023 $m	Year ended 31 December 2022 (restated) $m
Current tax charge:		
Overseas corporation tax – Egypt	54.1	54.8
Overseas corporation tax – India	–	0.2
Total current tax charge on loss from continuing operations	54.1	55.0
Deferred tax credit:		
Reversal of deferred tax credit on recognition of financial assets – UK	–	(0.1)
Deferred tax credit on intangible/tangible assets – Egypt	(12.3)	(36.6)
Deferred tax (credit)/charge on non-current assets – Egypt – adjustment	(1.4)	9.6
Deferred tax credit from continuing operations	(13.7)	(27.1)
Total tax charge on loss from continuing operations	40.5	27.9
UK deferred tax (credit)/charge	(4.1)	4.1
Total deferred tax (credit)/charge on (loss)/profit from discontinued operations	(4.1)	4.1

The current tax charge in Egypt of $54.1m (2022: $54.8m) is settled by EGPC on the Group's behalf.

Factors affecting the tax charge for the year

A reconciliation of the income tax charge applicable to the (loss)/profit before income tax to the UK statutory rate of income tax is as follows:

	Year ended 31 December 2023 $m	Year ended 31 December 2022 (restated) $m
Loss before tax from continuing operations	(102.1)	(148.5)
Loss before tax multiplied by the UK statutory rate of corporation tax of 23.52% (2021: 19%)	(20.7)	(28.2)
Effect of:		
Special tax rates and reliefs applying to oil and gas activities in the UK	(1.1)	(25.5)
Special tax rates and reliefs applying to oil and gas activities in Egypt	13.4	15.7
Impact on deferred tax of adjustments in respect of prior years	–	9.8
Temporary differences not recognised	23.5	43.7
Disposal of financial assets at fair value through profit or loss	–	0.2
Permanent items (non-taxable)/non-deductible	14.3	6.9
Group relief surrendered against profits/gains arising in discontinued operations	11.1	5.3
Total tax charge on (loss)/profit from continuing operations	40.5	27.9

The reconciliation shown above has been based on the average UK statutory rate of corporation tax for 2023 of 23.52% (2022: 19%). The Finance Act 2023 was enacted on 11 July 2023 and increased the UK main rate of corporation tax from 19% to 25% with effect from 1 April 2023.

The applicable UK statutory corporation tax rate applying to North Sea oil and gas activities is currently 40% (2022: 40%). A temporary Energy (Oil and Gas) Profits Levy of 25% was legislated in July 2022, effective from 26 May 2022. A further increase to 35% from 1 January 2023 was substantively enacted in November 2022.

SECTION 5 – TAXATION CONTINUED

5.2 Tax Charge on (Loss)/Profit for the Year continued

Factors affecting tax charge for the year continued

The applicable statutory tax rate applying to oil and gas activities in Egypt is currently 40.55% (2022: 40.55%).

The applicable rates have been reflected in these financial statements as appropriate.

The effect of temporary differences not recognised of $41.1m (2022: $46.5m) includes:
- a $0.7m (2022: $33.8m) movement in the year in respect of the unrecognised deferred tax asset on UK ring-fence corporation tax losses, energy (oil and gas) profits levy losses, supplementary charge tax and oil and gas investment allowances;
- a $17.6m (2022: $(10.0)m) movement in the year in respect of unrecognised deferred tax assets on Egypt oil and gas assets and tax losses;
- a $(0.2)m (2022: $4.7m) movement in the year in respect of UK tax losses and other temporary differences arising in the year on which no deferred tax asset was recognised; and
- a $4.9m (2022: 18.0m) movement in the year in respect of overseas tax losses and other temporary differences arising in the year on which no deferred tax was recognised.

The effect of permanent items non-deductible of $6.9m (2022: $6.9m) includes:
- $2.2m (2022: $2.2m) in respect of share-based payment charges;
- $(3.5)m (2022: $(5.1)m) predominantly in respect on non-taxable adjustments related to foreign exchange and tax relief on exercised share options;
- $10.8m (2022: $9.3m) in respect of costs in Egypt considered non-deductible for tax purposes;
- $(1.7)m (2022: $(3.4)m) in respect of overseas costs considered non-deductible/taxable; and
- $6.4m (2022: $3.9m) in respect of other permanent items considered non-deductible.

5.3 Deferred Tax Assets and Liabilities

Reconciliation of movement in deferred tax assets/(liabilities):

	Temporary difference in respect of non-current assets (restated) $m	Losses (restated) $m	Other temporary differences $m	Total (restated) $m
Deferred tax assets				
At 1 January 2022	–	–	–	–
Deferred tax credit through the Income Statement – continuing operations	8.7	–	–	8.7
At 31 December 2022	8.7	–	–	8.7
Deferred tax charge through the Income Statement – continuing operations	**(1.1)**	**–**	**–**	**(1.1)**
At 31 December 2023	**7.6**	**–**	**–**	**7.6**
Deferred tax liabilities				
At 1 January 2022	(58.8)	16.2	(0.1)	(42.7)
Deferred tax (charge)/credit through the Income Statement – continuing operations	34.5	(16.2)	0.1	18.4
Deferred tax (charge)/credit through the Income Statement – discontinued operations	–	9.1	(13.2)	(4.1)
At 31 December 2022	(24.3)	9.1	(13.2)	(28.4)
Deferred tax credit through the Income Statement – continuing operations	**14.8**	**–**	**–**	**14.8**
Deferred tax (charge)/credit through the Income Statement – discontinued operations	**–**	**(9.1)**	**13.2**	**4.1**
At 31 December 2023	**(9.6)**	**–**	**–**	**(9.6)**

Deferred tax assets analysed by country:

	As at 31 December 2023 $m	As at 31 December 2022 (restated) $m
Egypt	**7.6**	8.7
	7.6	8.7

Deferred tax liabilities analysed by country:

	As at 31 December 2023 $m	As at 31 December 2022 (restated) $m
Egypt	**(9.6)**	(24.1)
UK	**–**	(4.1)
	(9.6)	(28.4)

5.3 Deferred Tax Assets and Liabilities continued

Recognised deferred tax assets

Egypt

Deferred tax assets of $7.6m (2022: $8.7m) have been recognised in respect of Egypt oil and gas non-current assets temporary differences of $18.7m (2022: $21.5m) on two concessions as future profits are expected to be available on those concessions to recover the value of the assets.

At the balance sheet date the Group has $33.0m (2022: $24.7m) temporary differences in respect of Egypt non-current assets and $38.6m (2022: $27.4m) Egypt tax losses, which can be offset against future oil and gas profits in Egypt. No deferred tax asset has been recognised in respect of these temporary differences as it is not considered probable that these amounts will be utilised in future periods.

Deferred tax liabilities

Egypt

Deferred tax liabilities of $9.6m (2022: $28.4m) have been recognised across six concessions in respect of taxable temporary differences of $39.7m (2022: $66.0m) related to Egypt oil and gas non-current assets. No tax losses are available to offset these taxable temporary differences.

UK

In 2022, a deferred tax liability of $4.1m was recognised in respect of earnout consideration due in relation to the disposal of UK oil and gas producing assets. Following settlement of the earnout in 2023 (see note 6.1) the chargeable gain arising has been fully sheltered by available tax losses and no tax charge arises. The deferred tax liability has therefore been reversed in full.

Unrecognised deferred tax assets

No deferred tax asset has been recognised on the following as it is not considered probable that it will be utilised in future periods:

	At 31 December 2023 $m	At 31 December 2022 (restated) $m
UK RFCT trading losses	**244.6**	278.0
UK SCT loss	**253.1**	274.1
UK other ring fence temporary differences	**626.4**	609.5
UK excess management expenses	**414.6**	354.9
UK non-trade deficits	**79.6**	80.6
UK temporary differences on share-based payments	**34.0**	39.5
UK disallowed tax interest expenses	**11.3**	19.9
UK temporary difference on financial asset held at fair value	**–**	0.5
Egypt fixed asset temporary differences	**20.9**	24.7
Egypt ring fence corporation tax trading losses	**29.7**	27.4
Mexico tax losses and other temporary differences	**251.3**	196.5

SECTION 6 – DISCONTINUED OPERATIONS

This section contains details of the loss from discontinued operations in the year, primarily arising on earnout consideration due on disposal of the Group's UK producing assets in 2021 and the revised terms on the agreement in 2023.

Significant Accounting Judgements in this Section

Senegal tax assessment

On 14 November 2023, Capricorn received notification of tax assessment raised in Senegal against Woodside Petroleum. The claim contains two items that Capricorn is responsible for under the agreement for the sale of the assets from Capricorn to Woodside, with a total claim of $43.5m including interest and penalties. Capricorn strongly refutes that any tax is due and will robustly defend the Group's position. At the balance sheet date, no provision has been made in the financial statements, with further disclosures of this contingent liability in note 6.4.

6.1 (Loss)/Profit from Discontinued Operations

Settlement of earnout consideration due

On 2 November 2021, Capricorn completed the sale of its interests in the UK Catcher and Kraken producing assets to Waldorf Production Limited ("Waldorf").

Consideration under the agreement included contingent consideration ('earnout consideration') dependent on oil prices from 2021 to the end of 2025 and minimum production levels being achieved. The first annual payment of earnout consideration of $75.8m due on 2021 production was received in 2022. The second annual payment of $134.4m due on 2022 production was settled in March 2023.

On 18 December 2023, Capricorn entered into a settlement agreement with Waldorf for the full and final settlement of the remaining earnout consideration due. Under the agreement, Capricorn received an initial payment of $48.0m in December 2023, with a further $2.0m to be received at the end of Q1 2024. An additional payment of $22.5m is due in early January 2025 and Capricorn will also receive Waldorf's 25% non-operated WI in the Columbus gas field, subject to the necessary approvals. As at 31 December 2023, the balance of $7.0m has been recognised as a long term receivable relating to the transfer of the Columbus asset.

At the date of the settlement agreement, the fair value of the earnout was $79.3m, a fall of $10.4m across the year, reflecting oil price movements. With combined proceeds from the settlement agreement of $77.6m, after adjusting for expected credit losses of $1.9m, the Group recorded a loss on the settlement of the earnout of $1.7m.

A breakdown of the total profit from discontinued operations is as follows:

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Cost of Sales		
Cost of sales – recovery of production costs	**4.3**	1.5
Operating profit	**4.3**	1.5
(Loss)/Gain on financial asset at fair value through profit or loss – earnout consideration	**(10.4)**	110.4
Loss on disposal of a financial asset	**(1.7)**	–
Finance income	**2.3**	1.5
(Loss)/Profit before tax from discontinued operations	**(5.5)**	113.4
Tax credit/(charge)	**4.1**	(4.1)
(Loss)/Profit after tax from discontinued operations	**(1.4)**	109.3

(Loss)/Earnings per share for (loss)/profit from discontinued operations	2023 $	2022 $
(Loss)/Profit per ordinary share – basic and diluted ($)	**(0.01)**	0.31

An audit of the Kraken and Catcher joint operations for the period from January 2019 to December 2020 resulted in a refund of production costs from the operator of $4.3m and $1.5m, which has been credited to discontinued operations in 2023 and 2022 respectively.

The fair value loss in 2023 is mainly due to lower oil prices in comparison to 2022.

6.2 Cash Flow Information for Discontinued Operations

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Net cash flows from/(used in) operating activities	**4.3**	(9.6)
Net cash flows from investing activities	**184.7**	77.2
Net increase in cash and cash equivalents	**189.0**	67.6

The 2022 earnout of $134.4m and related interest payment of $2.3m were received in March 2023. In December 2023, a further settlement of $48.0m was received following the settlement with Waldorf (see note 6.1). The 2021 earnout of $75.7m and interest of $1.5m was received in June 2022.

6.3 Discontinued Operations – Senegal Contingent Asset

In December 2020, Capricorn disposed of its entire 40% working interest in its Senegal exploration and development assets.

Further deferred consideration of up to $50.0m is due, dependant on the timing of first oil production from the assets and on the average Brent oil price during the first six months of production. Assuming average Brent oil prices remain above $60/bbl during the first six months of production, Capricorn will receive $50.0m if first oil production is achieved by June 2024. No payment is due if first oil production occurs after this time.

In accordance with IFRS 15, no amount is recognised at the balance sheet date as there is no reasonable certainty that any revenue recorded would not reverse in future periods.

6.4 Discontinued Operations – Senegal Contingent Liability

On 14 November 2023, Capricorn received notification that Woodside Energy ("Woodside") had received a notice from the Senegalese Tax Authority. The notice from the Senegalese Tax Authority states that:

- Senegalese registration duty ($29.0m including interest and penalties) should have been paid on the transfer (in December 2020) by Capricorn to Woodside of its PSC interests offshore Senegal; and
- Senegalese real estate capital gains tax ($14.5m including interest and penalties) should have been withheld by Woodside from the price paid to Capricorn in respect of the sale of those PSC interests.

Under the terms of the sale agreement between Capricorn and Woodside, Capricorn is responsible for any registration duty and for any capital gains tax arising in connection with the sale of the PSC interests.

Capricorn's analysis remains that no Senegalese registration duty or capital gains tax is payable, based on analysis at the time of the transaction. Capricorn will continue to vigorously defend its position on this matter, including exercising rights under the sale agreement to participate in the defence of any such claim.

SECTION 7 – CAPITAL STRUCTURE AND OTHER DISCLOSURES

This section includes details of Capricorn's issued share capital and equity reserves.

Other disclosures include details on the independent auditors' remuneration. Details on the Group's policy on the award of non-audit work to the independent auditors can be found in the Report of the Audit Committee.

Significant accounting judgements and key estimates and assumptions in this section:
There are no significant accounting judgements or key estimates and assumptions in this section.

7.1 Issued Capital and Reserves

Called-up share capital

	Number 21/13p ordinary '000	Number 490/143p ordinary '000	Number 735/143p ordinary '000	21/13p ordinary $m	490/143p ordinary $m	735/143p ordinary $m
Allotted, issued and fully paid ordinary shares						
At 1 January 2022	496,847	–	–	12.6	–	–
Issued and allotted for employee share options pre-consolidation	677	–	–	–	–	–
Share repurchase	(182,452)	–	–	(4.6)	–	–
At 31 December 2022	315,072	–	–	8.0	–	–
Share consolidation – 15 May 2023	**(315,072)**	**148,534**	**–**	**(8.0)**	**8.0**	**–**
Share repurchase	**–**	**(5,697)**	**–**	**–**	**(0.3)**	**–**
Share consolidation – 5 October 2023	**–**	**(142,837)**	**95,225**	**–**	**(7.7)**	**7.7**
Share repurchase	**–**	**–**	**(1,447)**	**–**	**–**	**(0.1)**
At 31 December 2023	**–**	**–**	**93,778**	**–**	**–**	**7.6**

Share premium

	2023 $m	2022 $m
At 1 January	**495.4**	490.9
Share premium cancellation	**(495.4)**	–
Arising on shares issued for employee share options	**0.8**	4.5
At 31 December	**0.8**	495.4

The Company does not have a limited amount of authorised share capital.

A shareholder vote took place on 15 December 2022 approving the cancellation of the Company's share premium account. The cancellation received the required confirmation from the Court of Session on 27 January and was registered with the Registrar of Companies (and therefore took effect) on 31 January 2023. The full amount of the Company's share premium at 31 December 2022 transferred to retained earnings on the effective date.

Capricorn completed a tender offer on 6 April 2022. Under the terms of the tender offer, 171,073,128 ordinary shares were purchased at the strike price of 223 pence per share, with a total value of £381.5m ($498.6m). On 15 November 2021, Capricorn commenced a repurchase programme of £20.0m. This ran until the end of February 2022. A further repurchase programme commenced on 7 April 2022 of up to $25.0m, which completed in July 2022. Neither repurchase programmes was fully utilised. The combined tender offer and share repurchases reduced share capital by $4.6m, with a further reduction in retained earnings of $511.5m. The share repurchase in retained earnings also includes stamp duty and costs associated with the tender offer and share repurchases.

On 27 April 2023, the Company announced a further share buyback programme of up to $25m, which commenced in May 2023. A total of 7,143,720 shares were repurchased throughout 2023. The total value of the ordinary shares purchased was £14.2m ($16.9m), with a $0.4m reduction in share capital and a reduction of $1.0m to retained earnings after stamp duty and costs.

During 2023, the Company paid dividends to shareholders of approximately $450m and $100m to shareholders in May and October respectively. See note 7.2. The $ amounts were converted into £ ahead of each dividend. Exchange movements from the date of conversion to the date of payment reduced the $ equivalent of the dividends to $541.1m. Accompanying each return, the Company undertook a share consolidation which, together with the share repurchases reduced the number of ordinary shares issued to 93.7m at 31 December 2023.

a) Shares held by ESOP Trust
The cost of shares held by the ESOP Trust at 31 December 2023 was $5.1m (2022: $6.9m). The number of shares held by the Trust at 31 December 2023 was 1,008,584 (2022: 2,632,826) and the market value of these shares was £1.7m/$2.2m (2022: £6.9m/$8.3m). During 2023, the Group purchased 7,364,197 (2022: 7,158,195) shares at a cost of $20.4m (2022: $19.8m). During 2023, the Group sold 404,973 (2022: $nil) shares at price of $0.9m (2022: $nil). During 2023, 4,159,174 (2022: 7,595,567) shares vested and 25,000 (2022: 520,000) shares were transferred from the ESOP Trust to the SIP Trust. During 2023, 1,856,663 shares were created on share consolidation.

b) Shares held by SIP Trust
The cost of shares held by the SIP Trust at 31 December 2023 was $1.2m (2022: $8.4m). The number of shares held by the Trust at 31 December 2023 was 124,693 (2022: 2,758,656) and the market value of these shares was £0.2m/$0.3m (2022: £7.2m/$8.7m).

7.1 Issued Capital and Reserves continued

c) Foreign currency translation

Unrealised foreign exchange gains and losses arising on consolidation of non-$ functional currency subsidiary undertakings are taken directly to reserves. Foreign exchange differences arising on intra-group loans are not eliminated on consolidation; this reflects the exposure to currency fluctuations where the subsidiaries involved have differing functional currencies. These intra-group loans are not considered to be an investment in a foreign operation.

d) Merger and capital reserves

Capital reserves of $45.9m (2022: $45.5m) include amounts arising on various Group acquisitions and transactions and the capital redemption reserve arising from the 2013-2014 share repurchase programme. Capital reserves of $4.6m and $0.4m arose on the share repurchase programme which ran from April to July 2022 and from May to December 2023 respectively. $5.8m of capital reserves relates directly to Capricorn Energy PLC, the Company.

7.2 Return of Cash to Shareholders

In 2023, Capricorn announced the proposal to return approximately $568m to shareholders via a special dividend.

The first return of cash to shareholders of 115 pence per eligible ordinary share totalling £359.1m was paid to shareholders on 15 May 2023. The second return of cash to shareholders of 56 pence per eligible ordinary share totalling £79.3m was paid to shareholders on 20 October 2023. The total return to shareholders, after exchange differences from the date of conversion from $ to £ and associated costs, was $560.0m.

7.3 Capital Management

The objective of the Group's capital management structure is to ensure that there remains sufficient liquidity within the Group to carry out committed work programme requirements. The Group monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Group is subject to biannual forecast liquidity tests as part of the Senior and Junior Debt Facilities. The Group has complied with the capital requirements of these tests at all times during the year. However, the Board has made clear that no further investment will be made from the Group into the Egypt business, which must generate its own cash flows to fund future work programmes and debt repayments.

Capricorn manages the capital structure and makes adjustments to it in light of changes to economic conditions. To maintain or adjust the capital structure, Capricorn may repurchase shares, make a special dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate. No significant changes were made in the objectives, policies or processes during the year ended 31 December 2023, other than the funding of the Egypt business noted above.

Capital and net funds, including lease liabilities, was as follows:

	At 31 December 2023 $m	At 31 December (restated) 2022 $m
Loans and borrowings	**111.8**	158.6
Lease liabilities	**7.4**	4.3
Less cash and cash equivalents	**(189.5)**	(756.8)
Net funds	**(70.3)**	(593.9)
Equity	**406.5**	1,121.6
Capital and net funds	**336.2**	527.7
Gearing ratio	**–**	–

7.4 Guarantees

It is normal practice for the Group to issue guarantees in respect of obligations during the ordinary course of business. Guarantees are issued from a number of bilateral unsecured lines.

The Group has provided the following guarantees at 31 December 2023:

- various guarantees for the Group's operational commitments for the current year of $27.6m (2022: $69.1m); and
- Parent company guarantees for the Group's obligations under joint operating agreements and other contracts.

Under the terms of the facilities entered into in connection with the Group's Egypt assets, Capricorn Egypt Limited and Cheiron Oil & Gas Limited, as borrowers, jointly and severally guarantee performance of their obligations to each lender. This includes an undertaking to pay each lender whenever another obligor does not pay any amount, as if it was the principal obligor. As a result, Capricorn Egypt Limited and Capricorn Egypt (Holding) Limited have provided guarantees in respect of the obligations owed to the lenders by Capricorn Egypt and the joint venture counterparty, Cheiron.

SECTION 7 – CAPITAL STRUCTURE AND OTHER DISCLOSURES CONTINUED

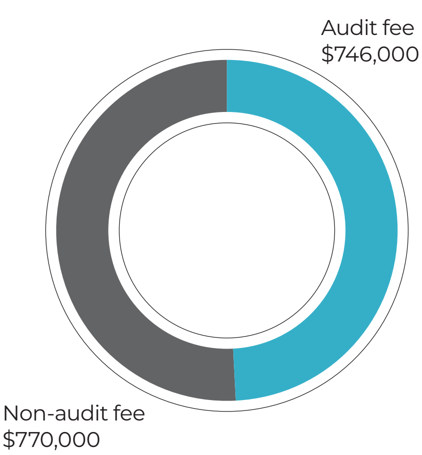
7.5 Auditors' Remuneration

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Fees payable to the Group's external auditors (including associate firms) for:		
Audit fees:		
Auditing of the Financial Statements of the Group and the Company	**485**	463
Auditing of the Financial Statements of subsidiaries	**261**	674
	746	1,137
Non-audit fees:		
Audit-related assurance services	**141**	248
Other assurance services relating to corporate finance transactions	**629**	173
Other non-audit services not included above	**–**	125
	770	546
Total fees	**1,516**	1,683

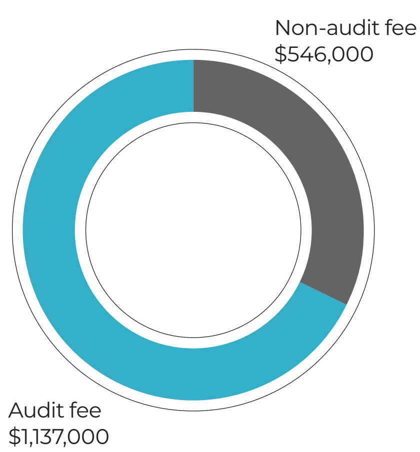
The Group has a policy in place for the award of non-audit work to the auditors which requires Audit Committee approval (see the Audit Committee Report on page 75). Non-audit fees incurred in the year were permissible services under the FRC Ethical Standard, including services required by law and regulations.

The split of audit fees to non-audit fees payable to the auditors is as follows:

2023 Fees to the Auditors



2022 Fees to the Auditors



COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 $m	2022 $m
Non-current assets			
Investments in subsidiaries	8.2	**334.1**	597.8
Long-term intercompany receivables	8.3	**5.7**	6.0
		339.8	603.8
Current assets			
Cash and cash equivalents	8.4	**48.0**	630.1
Other receivables	8.5	**30.0**	18.8
		78.0	648.9
Total assets		**417.8**	1,252.7
Current liabilities			
Bank overdraft	8.4	**0.2**	–
Lease liability		**0.6**	1.1
Trade and other payables	8.6	**1.0**	4.4
		1.8	5.5
Non-current liabilities			
Lease liability	8.7	**5.7**	–
		5.7	–
Total liabilities		**7.5**	5.5
Net assets		**410.3**	1,247.2
Equity			
Called-up share capital	7.1	**7.6**	8.0
Share premium	7.1	**0.8**	495.4
Shares held by ESOP/SIP Trusts	7.1a,b	**(6.3)**	(15.3)
Capital reserves	7.1d	**5.8**	5.4
Retained earnings:			
At 1 January		**753.7**	615.3
(Loss)/Profit for the year		**(260.7)**	661.4
Other movements in retained earnings		**(90.6)**	(523.0)
		402.4	753.7
Total equity		**410.3**	1,247.2

The Financial Statements on pages 166 to 174 were approved by the Board of Directors on 28 March 2024 and signed on its behalf by:

Randy Neely
Chief Executive

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities:			
(Loss)/Profit before taxation		**(260.7)**	661.4
Share-based payments (reverse)/charge		**(2.2)**	1.5
Impairment of investment in subsidiary		**268.3**	566.2
Finance income		**(26.6)**	(1,254.3)
Finance costs		**1.1**	6.0
Provision against receivable		**4.4**	–
Other receivables movement		**0.4**	(4.0)
Trade and other payables movement		**(2.0)**	1.2
Net cash used in operating activities		**(17.3)**	(22.0)
Cash flows from investing activities:			
Dividend received	8.9	**–**	1,056.4
Group funding		**7.6**	102.3
Interest received and other finance income		**9.6**	7.6
Net cash flows from investing activities		**17.2**	1,166.3
Cash flows from financing activities:			
Return of cash to shareholders		**(542.1)**	–
Share repurchase		**(18.9)**	(528.6)
Other interest and charges		**(0.3)**	(0.2)
Cost of shares purchased	7.1a	**(19.5)**	(19.8)
Proceeds from issue of shares		**0.8**	4.5
Lease payments		**(1.2)**	(1.7)
Net cash flows used in financing activities		**(581.2)**	(545.8)
Net (decrease)/increase in cash and cash equivalents		**(581.3)**	598.5
Foreign exchange differences		**(1.0)**	(0.5)
Opening cash and cash equivalents at beginning of year		**630.1**	32.1
Closing cash and cash equivalents including bank overdraft	8.4	**47.8**	630.1

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity share capital and share premium $m	Shares held by ESOP/ SIP Trusts $m	Merger and capital reserves $m	Retained earnings $m	**Total equity $m**
At 1 January 2022	503.5	(17.5)	0.8	615.3	1,102.1
Profit for the year	–	–	–	661.4	661.4
Total comprehensive income	–	–	–	661.4	661.4
Share-based payments	–	–	–	10.5	10.5
Exercise of employee share options	4.5	–	–	–	4.5
Share repurchase	(4.6)	–	4.6	(511.5)	(511.5)
Cost of shares purchased	–	(19.8)	–	–	(19.8)
Cost of shares vesting	–	22.0	–	(22.0)	–
At 31 December 2022	503.4	(15.3)	5.4	753.7	1,247.2
Loss for the year	–	–	–	(260.7)	**(260.7)**
Total comprehensive expense	**–**	**–**	**–**	**(260.7)**	**(260.7)**
Return of cash to shareholders	–	–	–	(541.1)	**(541.1)**
Share premium cancelled	(495.4)	–	–	495.4	**–**
Share-based payments	–	–	–	2.5	**2.5**
Exercise of employee share options	0.8	–	–	–	**0.8**
Share repurchase	(0.4)	–	0.4	(18.9)	**(18.9)**
Cost of shares purchased	–	(19.5)	–	–	**(19.5)**
Cost of shares vesting	–	28.5	–	(28.5)	**–**
At 31 December 2023	**8.4**	**(6.3)**	**5.8**	**402.4**	**410.3**

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS

This section contains the notes to the Company Financial Statements.

The issued capital and reserves of the Company are largely consistent with the Capricorn Energy PLC Group Financial Statements, as per note 7.1.

Key estimates and assumptions in this section:
Impairment testing of investments in subsidiaries
The Company's investment in Capricorn Oil Limited has been tested for impairment by comparison against the fair value of intangible exploration/appraisal assets, property, plant & equipment – development/producing assets and working capital, including cash and cash equivalents and intercompany receivables, held within the Capricorn Oil Limited sub-group. The fair value of oil and gas assets is calculated using the same assumptions as noted in section 2.

8.1 Basis of Preparation

The Financial Statements of Capricorn Energy PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company applies accounting policies consistent with those applied by the Group. To the extent that an accounting policy is relevant to both Group and Company Financial Statements, refer to the Group Financial Statements for disclosure of the accounting policy. Material policies that apply to the Company only are included as appropriate.

Capricorn has used the exemption granted under S408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the Parent company.

8.2 Investments in Subsidiaries

Accounting policy
The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment. In testing for impairment the carrying value of the investment is compared to its recoverable amount, being its fair value less costs of disposal. The fair value includes the discounted future net cash flows of oil and gas assets held by the subsidiary, using estimated cash flow projections over the licence period.

Discounted future net cash flows are calculated using an estimated short-term oil price based on the forward curve and long-term oil price of $60/bbl unescalated (2022: $60/bbl unescalated), escalation for costs of 3.0% (2022: 4.0%) and a discount rate of 15% (2022: 10%). Full details on the assumptions used for valuing oil and gas assets can be found in section 2.

8.2 Investments in Subsidiaries continued

	Subsidiary undertakings $m	**Total $m**
Cost		
At 1 January 2022	3,709.7	3,709.7
Additions	8.9	8.9
At 31 December 2022	3,718.6	3,718.6
Additions	4.6	**4.6**
At 31 December 2023	**3,723.2**	**3,723.2**
Impairment		
At 1 January 2022	2,554.6	2,554.6
Impairment charge	566.2	566.2
At 31 December 2022	3,120.8	3,120.8
Impairment charge	268.3	**268.3**
At 31 December 2023	**3,389.1**	**3,3989.1**
Net book value		
At 31 December 2021	1,155.1	1,155.1
At 31 December 2022	597.8	597.8
At 31 December 2023	**334.1**	**334.1**

Additions during the year of $4.6m (2022: $8.9m) relate to the Company's investment in Capricorn Oil Limited. These represent share awards made by the Company to the employees of Capricorn Energy Holdings Limited (a principal subsidiary of Capricorn Oil Limited).

At the year end, investments in subsidiaries were reviewed for indicators of impairment and impairment tests conducted where indicators were identified. Following this review, the Company's investment in Capricorn Oil Limited was impaired to reflect the fair value of the underlying assets of the Capricorn Oil Group. A charge of $268.3m was made to the Income Statement in 2023 (2022: $178.5m). The fall in the value of the investments in the Capricorn Oil Group principally reflects reduction due to distributions by the subsidiary and a reduction in the value of the Group's producing assets. The carrying value of investments in subsidiaries at 31 December 2023 represents the Company's investment in Capricorn Oil Limited. Investments in Capricorn Senegal (Holding) Limited and Capricorn Energy Investments Limited are carried at nominal values.

In 2022, the Company's investment in Cairn UK Holdings Limited was fully impaired resulting in a charge to the Income Statement of $387.7m. This subsidiary now holds no value following the distribution of the India tax refund to Capricorn Energy PLC on receipt of the payment.

The recoverable value of the assets of Capricorn Oil Limited used in the impairment test is based on the fair value of the producing assets adjusted by deferred consideration payment and trade payables and receivables, other long-term receivables, market value of tangible assets held by its subsidiaries, cash and cash equivalent held.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.2 Investments in Subsidiaries continued

The Company's subsidiaries as at the balance sheet date are set out below. The Company holds 100% of the voting rights and beneficial interests in the ordinary shares of the following companies:

Direct holdings

	Business	Country of incorporation	Country of operation	Registered office address
Cairn UK Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Investments Limited[2]	Investment	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Oil Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Senegal (Holding) Limited	Holding company	England	Scotland	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY

Indirect holdings

	Business	Country of incorporation	Country of operation	Registered office address
Agora Oil and Gas (UK) Limited	Exploration	Scotland	UK	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Americas Limited[2]	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Côte d'Ivoire Limited	Exploration	Scotland	Côte d'Ivoire	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Egypt (Holding) Limited	Holding company	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
Capricorn Egypt Limited	Exploration	England	Egypt	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
Capricorn Energy Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Mexico S. de R.L. de C.V.	Exploration	Mexico	Mexico	Avenida Paseo de la Reforma 295, Piso 10, Oficina 1903, Colonia Cuauhtémoc, Mexico
Capricorn Energy Search Limited[1]	Exploration	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy UK Limited	Exploration	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
Capricorn Exploration and Development Company Limited[1]	Exploration	Scotland	Morocco	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Ireland Limited[1]	Exploration	Scotland	Republic of Ireland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn ISR Production Limited Partnership	Limited Partnership company	Israel	Israel	Vitania Tel-Aviv Tower, 20 Haharash St. TLV Israel, 6761310
Capricorn Low Carbon Solutions Limited[2]	Carbon trading	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
Capricorn Mauritania Limited	Exploration	Scotland	Mauritania	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Nicaragua BV	Exploration	The Netherlands	Non-trading	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Offshore Exploration Limited	Exploration	Scotland	Israel	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Oil and Gas Tunisia GmbH[1]	Non-trading	Switzerland	Non-trading	Gubelstrasse 5, Postfach 1524, CH-6301 Zug, Switzerland
Capricorn Petroleum Limited[2]	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production (Holdings) Limited[3]	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production I Limited[3]	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Production II Limited[3]	Dormant	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Resources Management Limited[2]	Royalty interest	Scotland	Mongolia	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Senegal Limited	Exploration	Scotland	Senegal	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Spain Limited[1]	Exploration	Scotland	Spain	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Suriname BV	Exploration	The Netherlands	Suriname	50 Lothian Road, Edinburgh, EH3 9BY
Nautical Holdings Limited[1]	Holding company	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
UAH Limited[1]	Holding company	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY

(1) Company is in the process of liquidation.
(2) Exempt from audit under Section 479 of the Companies Act.
(3) Exempt from audit under Section 480 of the Companies Act.

8.3 Long-Term Intercompany Receivables

	At 31 December 2023 $m	At 31 December 2022 $m
Long-term intercompany receivables	**5.7**	6.0
	5.7	6.0

Long-term intercompany receivables include amounts due from Capricorn Energy Holdings Limited of $5.7m (2022: $nil) and Capricorn Energy Investments Limited of $nil (2022: $6.0m).

8.4 Cash and Cash Equivalents

	At 31 December 2023 $m	At 31 December 2022 $m
Cash at bank	**–**	8.6
Bank deposits less than three months	**–**	298.0
Money market funds	**48.0**	323.5
Cash and cash equivalent	**48.0**	630.1
Bank overdraft	**(0.2)**	–
Net cash balance for cash flow purposes	**47.8**	630.1

At 31 December 2023, $5.0m (2022: $7.9m) of cash and cash equivalents are restricted and not available for immediate ordinary business use. See note 3.1 for details on the placing of surplus funds on deposit and money market funds.

8.5 Other Receivables

	At 31 December 2023 $m	At 31 December 2022 $m
Other receivables	**1.1**	4.4
Amounts receivable from subsidiary undertakings	**28.9**	14.3
Prepayments	**–**	0.1
	30.0	18.8

8.6 Trade and Other Payables

	At 31 December 2023 $m	At 31 December 2022 $m
Trade and other payables	**0.1**	0.2
Amounts payable to subsidiary undertakings	**–**	0.4
Accruals	**0.9**	3.8
	1.0	4.4

8.7 Financial Instruments

Set out below is the comparison by category of carrying amounts and fair values of all the Company's financial instruments that are carried in the Financial Statements. The fair value of financial assets and liabilities has been calculated by discounting the expected future cash flows at prevailing interest rates.

Financial assets

Carrying amount and fair value	At 31 December 2023 $m	At 31 December 2022 $m
Financial assets at amortised cost		
Cash and cash equivalents	**48.0**	630.1
Other receivables – amounts receivable from subsidiary undertakings	**28.9**	14.3
Other receivables	**1.1**	4.4
Long-term intercompany receivables	**5.7**	6.0
	83.7	654.8

For all financial assets held at amortised cost, their carrying amount is considered to be the same as their fair value.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.7 Financial Instruments continued

Maturity analysis of financial assets

The expected financial maturity of the Company's financial assets at 31 December 2023 is as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial assets at amortised cost				
Cash and cash equivalents	**48.0**	–	–	–
Other receivables – amounts receivable from subsidiary undertakings	**28.9**	–	–	–
Other receivables – other	**1.1**	–	–	–
Long-term intercompany receivables	–	**1.0**	**2.9**	**1.8**
	78.0	**1.0**	**2.9**	**1.8**

The expected financial maturity of the Company's financial assets at 31 December 2022 was as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial assets at amortised cost				
Cash and cash equivalents	630.1	–	–	–
Other receivables – amounts receivable from subsidiary undertakings	14.3	–	–	–
Other receivables – other	4.4	–	–	–
Long-term intercompany receivables	–	–	6.0	–
	648.8	–	6.0	–

Financial liabilities

Carrying amount and fair value	At 31 December 2023 $m	At 31 December 2022 $m
Financial liabilities at amortised cost		
Trade and other payables	**0.1**	0.2
Bank overdraft	**0.2**	–
Amounts payables to subsidiary undertakings	–	0.4
Accruals	**0.7**	3.8
Lease liability	**6.3**	1.1
	7.3	5.5

Maturity analysis of financial liabilities

The expected financial maturity of the Company's financial liabilities at 31 December 2023 is as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial liabilities at amortised cost				
Trade and other payables	**0.1**	–	–	–
Bank overdraft	**0.2**	–	–	–
Accruals	**0.7**	–	–	–
Lease liability	**0.6**	**1.0**	**3.0**	**1.7**
	1.6	**1.0**	**3.0**	**1.7**

The expected financial maturity of the Company's financial liabilities at 31 December 2022 was as follows:

	<1 year $m	1–2 years $m	2–5 years $m	>5 years $m
Financial liabilities at amortised cost				
Trade and other payables	0.2	–	–	–
Amounts payable to subsidiary undertakings	0.4	–	–	–
Accruals	3.8	–	–	–
Lease liability	1.1	–	–	–
	5.5	–	–	–

Financial risk management: risk and objectives

The Company's financial risk management policies and objectives are consistent with those of the Group detailed in note 3.8.

The Company is not exposed to material foreign currency exchange rate risk.

8.8 Capital Management

Capital and net (funds)/debt were made up as follows:

	At 31 December 2023 $m	At 31 December 2022 $m
Continuing operations		
Amounts payable to subsidiary undertakings	–	0.4
Lease liability	6.3	1.1
Less cash and cash equivalents	(47.8)	(630.1)
Net funds	(41.5)	(628.6)
Equity	410.3	1,247.2
Capital and net funds	368.8	618.6
Gearing ratio	–	–

8.9 Related Party Transactions

The Company's subsidiaries are listed in note 8.2. The following table provides the Company's balances, which are outstanding with subsidiary undertakings at the balance sheet date:

	At 31 December 2023 $m	At 31 December 2022 $m
Amounts payable to subsidiary undertakings	–	(0.4)
Amounts receivable from subsidiary undertakings	34.6	20.3
	34.6	19.9

The amounts outstanding are unsecured, repayable on demand and will be settled in cash.

The following table provides the Company's transactions with subsidiary undertakings recorded in the profit/(loss) for the year:

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Amounts invoiced to subsidiaries	1.1	21.8
Amounts invoiced by subsidiaries	4.1	5.1

Directors' remuneration

The remuneration of the Directors of the Company is set out below. Further information about individual Directors' remuneration is provided in the audited section of the Directors' Remuneration Report on pages 80 to 107.

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Emoluments	2.1	2.5
Share-based payments	0.1	2.1
	2.2	4.6

Pension contributions of $0.1m (2022: $0.2m) were made on behalf of Directors in 2023.

No LTIP share awards to Directors vested during 2023 (2022: 837,004). Share-based payments disclosed above represent the market value at the vesting date of these awards in that year.

A stand-alone agreement and 228,175 shares were awarded to a Director in February 2023; 153,159 shares lapsed in July 2023, the remaining of 75,016 shares were exercised at £1.87 in July 2023.

Other transactions

During the year the Company did not make any purchases in the ordinary course of business from an entity under common control (2022: $nil).

In February 2022, the Company received a dividend payment of $1,056.4m from Cairn UK Holdings Limited following the receipt of the India tax refund into that subsidiary.

In November 2022, the Company received a dividend from its subsidiary, Capricorn Oil Limited, of $187.4m, all of which was offset against previous borrowings.

LICENCE LIST
AS AT 31 DECEMBER 2023

Country	Asset name	Licence/Concession	Block(s)	Operator	Capricorn Energy interest (%)
Egypt	ALAM EL SHAWISH WEST	ALAM EL SHAWISH	AL ASSIL, AL BARQ, AL KARAM, AL MAGD, BAHGA	CHEIRON (20%)	20
Egypt	BADR EL DIN	BADR EL DIN	BED-19, BED-20	CHEIRON (50%)	50
Egypt	BED 2-17	BED 2-17	BED-2, BED-17	CHEIRON (50%)	50
Egypt	BED-3	BED-3	BED-3	CHEIRON (50%)	50
Egypt	NORTH ALAM EL SHAWISH	NORTH ALAM EL SHAWISH	NAES-1	CHEIRON (50%)	50
Egypt	NORTH EAST ABU GHARADIG	NEAG EXTENSION	NEAG-1, NEAG-2, NEAG-3, NEAG-5	CHEIRON (26%)	26
Egypt	NORTH EAST ABU GHARADIG	NEAG TIBA	JG, JD, SHEIBA	CHEIRON (26%)	26
Egypt	NORTH MATRUH	NORTH MATRUH	NORTH MATRUH-1 TEEN	CHEIRON (50%)	50
Egypt	NORTH UM BARAKA	NORTH UM BARAKA	NORTH UM BARAKA, NUMB-1	CHEIRON (50%)	50
Egypt	OBAIYED	OBAIYED	OBAIYED	CHEIRON (50%)	50
Egypt	SITRA	SITRA	SITRA	CHEIRON (50%)	50
Egypt	SOUTH ABU SENNAN*	SOUTH ABU SENNAN	SOUTH ABU SENNAN	CAPRICORN EGYPT LIMITED	50
Egypt	SOUTH EAST HORUS	SOUTH EAST HORUS	SOUTH EAST HORUS	CAPRICORN EGYPT LIMITED	50
Egypt	WEST EL FAYIUM	WEST EL FAYIUM	WEST EL FAYIUM	CAPRICORN EGYPT LIMITED	50
Mexico	BLOCK 7*	CNH-R02-L01-A7.CS-2017	7	ENI (45%)	30
Mexico	BLOCK 10*	CNH-R02-L01-A10.CS/2017	10	ENI (65%)	15

* Notice of withdrawal submitted and in the process of exiting

GROUP RESERVES AND RESOURCES
AS AT 31 DECEMBER 2023

Reserves

The Group 2P reserves decreased by 6.4 mmboe during the year from 27.2 mmboe at year-end 2022 to 20.8 mmboe at year-end 2023 on an entitlement interest basis. This was principally due to Egyptian production of 4.4 mmboe and downward revisions in undeveloped reserves due to lower drilling activity planned during 2024.

Group Proven plus Probable Oil and Gas Reserves (2P)

	Working Interest (WI)			Entitlement Interest (EI)		
	Oil mmbbls	Gas bcf	boe mmboe	Oil mmbbls	Gas bcf	boe mmboe
At 1 January 2023	28.3	205.8	65.0	11.8	86.2	27.2
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Additions and Discoveries	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	(3.3)	(5.4)	(4.2)	(1.4)	(3.0)	(2.0)
Commodity Price Revisions	0.0	0.0	0.0	0.0	0.0	0.0
Production	(4.9)	(34.1)	(11.0)	(2.0)	(13.9)	(4.4)
At 31 December 2023	**20.1**	**166.3**	**49.8**	**8.4**	**69.3**	**20.8**

Technical Revisions include the impact of changing methodology and assumptions, as year-end 2022 numbers were based on Capricorn's internal estimates and year-end 2023 reserves are based on the Competent Person's Report complied for Capricorn by GLJ Ltd.

All 2P Reserves are located within the Western Desert Assets in Egypt.

Sensitivity Analysis Applying IEA Scenario Hydrocarbon and Carbon Prices

Total Group 2P Reserves	WI mmboe	EI mmboe
WEO-2023 Stated Policies Scenario (STEPS)	50.0	20.7
WEO-2023 Announced Pledges Scenario (APS)	50.0	20.1
WEO-2023 Net Zero Emissions by 2050 Scenario (NZE)	48.5	20.2

Greenhouse Gas Emissions Associated with 2P Reserves

	WI Mt	EI Mt	EI kg CO_2 equiv/boe
Estimated Scope 1 emissions	3.3	0.9	47
Estimated Scope 3 emissions*	16.2	7.1	377

* Since Capricorn Energy does not control how its products are utilised, Scope 3 emissions are estimated for Categories 9, 10 & 11 of the GHG Protocol (downstream distribution, refining and use of products assuming all hydrocarbons are combusted).

Subdivision of 2P Reserves

	%
By country	
Egypt	100
Within 20 lowest ranking countries from Transparency International's Corruption Perception Index	0
Within protected conservation areas or habitats	0

Group Contingent Oil and Gas Reserves (2C Development Pending)

	WI mmboe	EI mmboe
At 1 January 2023	9.7	3.9
Disposals	0.0	0.0
Acquisitions	0.0	0.0
Discoveries	0.0	0.0
Revisions	0.1	0.0
At 31 December 2023	**9.8**	**3.9**

Contingent Resources are based on Capricorn's internal estimates.

WI	Working Interest
EI	Entitlement Interest
WEO	World Energy Outlook 2023, International Energy Agency

GLOSSARY

The following are the main terms and abbreviations used in this report:

2C	Denotes best estimate scenario of contingent resources
2D	Two dimensional
2P	Proved plus probable reserves, denotes best estimate scenario
3D	Three dimensional
AESW	Alam El Shawish West
AFE	Authorization for Expenditure
AGM	Annual General Meeting
ALARP	As low as reasonably practicable
AQI	Audit Quality Inspection
BA	Bachelor of Arts
Bapetco	BADR Petroleum Company
bbl	Barrel
bcf	Billion cubic feet
BED	Badr El Din
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bps	Basis point
CCUS	Carbon capture, utilisation and storage
CDP	Carbon Disclosure Project
CECP	Corporate Environmental & Climate Change Policy
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMAPP	Corporate Major Accident Prevention Policy
CNH	Mexican National Hydrocarbons Commission
CO_2	Carbon dioxide
COO	Chief Operating Officer
D&I	Diversity and Inclusion
E&A	Exploration and appraisal
EBS	Environmental Baseline Survey
EGPC	Egyptian General Petroleum Corporation
EIA	Energy Information Administration
ESIA	Environmental and social impact assessment
EVP	Executive Vice President
FTSE	The Financial Times Stock Exchange
GBP	British pound sterling
HSSE	Health, Safety, Security and Environment
IEA STEPS	International Energy Agency's Stated Policies Scenario
IOGP	International Association of Oil & Gas Producers
ISO	International Organization for Standardization
IT	Information Technology
IUCN	International Union for Conservation of Nature
LLC	Limited liability company
LLP	Limited liability partnerships
LTIF	Lost time injury frequency
m	Million
MBA	Master of Business Administration
mcf	Thousand cubic feet
mmscf/d	Million standard cubic feet per day
N/A	Not applicable
NEAG	North East Abu Gharadig
NFA	No Further Activity
NFE	Near field exploration
opex	Operating expenses
PhD	Doctor of Philosophy
PLC	Public limited company
RCR	Reserves Conversion Ratio
SAS	South Abu Sennan
SECR	Streamline Energy and Carbon Reporting
SEH	South East Horus
tCO_2e	Tonnes of carbon dioxide equivalent
TRIR	Total recordable injury rate
UNEP WCMC	United Nations Environment Programme's World Conservation Monitoring Centre
UNESCO	The United Nations Educational, Scientific and Cultural Organization
VP	Vice President
WAEP	Weighted Average Exercise Price
WAGP	Weight Average Grant Price
WEF	West El Fayium

COMPANY INFORMATION

Financial Adviser and Corporate Broker
Merrill Lynch International (BofA Securities)
2 King Edward Street
London
EC1A 1HQ

Secretary
Paul Ervine

Solicitors
Shepherd and Wedderburn LLP
9 Haymarket Square
Edinburgh
EH3 8FY

Independent auditors
PricewaterhouseCoopers LLP
144 Morrison Street
Edinburgh
EH3 8EB

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Shareholder helpline
T: +44 (0) 371 384 2660

Textel helpline number
T: +44 (0) 371 384 2255
www.relayuk.bt.com

Shareview dealing helpline number
T: +44 (0) 345 603 7037
www.shareview.co.uk

NOTES

NOTES