

Financial Statements

Contents

Financial Statements	
Independent Auditors' Report	81
Group Income Statement	87
Group Balance Sheet	89
Group Statement of Cash Flows	90
Group Statement of Changes in Equity	91
Section 1 – Basis of preparation	
1.1 Accounting policies	92
1.2 Going concern	93
1.3 Post balance sheet events – Middle East instability	93
Section 2 – Oil and gas assets, operations and other non-current assets	
2.1 Gross profit: revenue and cost of sales	95
2.2 Intangible exploration/appraisal assets	96
2.3 Property, plant & equipment – development/producing assets	97
2.4 Goodwill	98
2.5 Other property, plant & equipment and intangible assets	99
2.6 Provisions – well abandonment	100
2.7 Capital commitments	100
Section 3 – Working capital, financial instruments and long-term liabilities	
3.1 Cash and cash equivalents	101
3.2 Loans and borrowings	102
3.3 Lease liabilities	103
3.4 Inventory	103
3.5 Trade and other receivables	104
3.6 Financial liabilities at fair value through profit or loss	105
3.7 Trade and other payables	105
3.8 Financial instruments	106
3.9 Financial risk management: objectives and policies	107
Section 4 – Income Statement analysis	
4.1 Segmental analysis	110
4.2 Employee benefits: staff costs, share-based payments and Directors' emoluments	113
4.3 Finance income	115
4.4 Finance costs	116
4.5 Earnings per ordinary share	116
Section 5 – Taxation	
5.1 Tax strategy and governance	118
5.2 Tax credit/(charge) on (loss)/profit for the year	119
5.3 Current tax receivable	120
5.4 Deferred tax assets and liabilities	120
Section 6 – Discontinued operations	
6.1 Profit from discontinued operations	122
6.2 Cash flow information for discontinued operations	123
6.3 Discontinued operations – Senegal contingent liability	123
Section 7 – Capital structure and other disclosures	
7.1 Issued capital and reserves	124
7.2 Return of cash to shareholders	125
7.3 Capital management	125
7.4 Guarantees	126
7.5 Auditors' remuneration	126
Company Financial Statements	
Company Balance Sheet	127
Company Statement of Cash Flows	128
Company Statement of Changes in Equity	129
Section 8 – Notes to the Company Financial Statements	
8.1 Basis of preparation	130
8.2 Investments in subsidiaries	130
8.3 Long-term intercompany receivables	133
8.4 Cash and cash equivalents	133
8.5 Other receivables	133
8.6 Trade and other payables	133
8.7 Financial instruments	133
8.8 Capital management	135
8.9 Related party transactions	135

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPRICORN ENERGY PLC

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 2025 and of the Group's profit 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 2025 (the "Annual Report"), which comprise:

- the Group Balance Sheet as at 31 December 2025;
- the Company Balance Sheet as at 31 December 2025;
- the Group Income Statement for the year then ended;
- the Group Statement of Comprehensive Income for the year then ended;
- the Group Statement of Cash Flows for the year then ended;
- the Company Statement of Cash Flows for the year then ended;
- the Group Statement of Changes in Equity for the year then ended;
- the Company Statement 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 based in Edinburgh supported by a team in Egypt.

Overview

Audit scope

- We conducted audit work on 9 components. 2 of these components were subject to a full scope audit, the remaining 7 were subject to audit of FSLIs. All audit work performed to support the group audit report was performed by the group engagement team in the UK. Our audit scope covered 98% of total assets.

Key audit matters

- Valuation of Production assets (group)
- Valuation of Investments in subsidiaries (parent)

Materiality

- Overall group materiality: US\$5,130,000 (2024: US\$6,197,000) based on 1% of total assets.
- Overall Company materiality: US\$4,873,000 (2024: US\$4,713,000) based on 1% of total assets, restricted to 95% of Group materiality.
- Performance materiality: US\$3,847,000 (2024: US\$4,647,000) (group) and US\$3,655,000 (2024: US\$3,534,000) (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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPRICORN ENERGY PLC CONTINUED

Valuation of Expected Credit Loss ("ECL") of EGPC receivable (Group), which was a key audit matter last year, is no longer included because of a downgrade in the risk given the significant reduction in the receivables balance due from EGPC following significant receipts during 2025. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

Valuation of Production assets (group)

The carrying value of oil & gas production assets at 31 December 2025 was \$212.4m (2024: \$210.8m).

Under IAS 36, where there is an impairment trigger, non-current production assets must be evaluated for impairment. Management has reviewed the Egypt assets for indicators of impairment or any events which would trigger a reversal of impairment. An impairment trigger was identified in relation to the AESW concession as a result of deferred development activity and the shorter remaining concession term. The recoverable amount was determined by the fair value less cost of disposal (FVLCD) method using a discounted cash flow model. Based upon the discounted cash flow projections used by management, an impairment was recognised on the AESW concession of \$10.6m. 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, particularly in respect of projected cash flows and discount rate.

Refer to notes 2.3 to the financial statements.

How our audit addressed the key audit matter

We assessed the assets for potential impairment triggers such as declining oil and gas prices or downward revisions in reserves and validated both internal and external valuation models provided by management. We performed the following in relation to this significant risk:

- Discussed reserve estimates with management experts to assess key judgements or differences between internal and external experts, seeking explanations for any differences identified;
- Validated the reserves estimates prepared by management experts and ensured we challenged management by assessing key judgements as well as evaluating management's experts for competence and objectivity;
- Obtained understanding of the source of management's forecast oil and gas production, as well as assessing management's historic ability to forecast;
- Evaluated the reasonableness of opex and capex assumptions;
- Benchmarked assumptions including comparing the commodity price, inflation and discount rates used to expected ranges prepared by our own Valuation experts;
- Compared the timing of cash receipts for the sale of hydrocarbons to the recent history of recovery and considering other forward-looking factors;
- 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 assumptions, in particular in relation to the cost of carbon;
- Assessed the composition of CGUs based on the requirements of IAS 36;
- Validated integrity and accuracy of the model and agreed net book values to Capricorn's records;
- Assessed management's sensitivity analysis and performed our own assessment; and
- Evaluated the disclosures in the financial statements.

Based on the procedures performed, we have nothing to report.

Valuation Investments in subsidiaries (Parent)

The carrying value of investments in the company balance sheet as at 31 December 2025 is \$383.8m.

At the year end, investments in subsidiaries were reviewed for indicators of impairment or reversals and impairment tests conducted where indicators were identified.

Following this review, management concluded that no impairment should be recognised as the recoverable value of the investment in Capricorn Oil Limited was found to exceed the carrying value of the investment. 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 financial statements.

In assessing the carrying value of investments in subsidiaries, we have undertaken 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;
- Assessed managements calculation of the fair value of the group's producing assets, consistent with the procedures performed in respect of the Valuation of Production assets key audit matter, including assessment of the approval process for the merged concession;
- Considered other factors including the market capitalisation of the group, analyst and other market commentary as well as other matters which could impact fair value;
- 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 procedures performed, we have nothing to report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPRICORN ENERGY PLC CONTINUED

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, with components representing each of the geographical locations in which they operate. 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 2 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 7 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 audits 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 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 producing asset impairment test. We also evaluated whether the impact of both physical and transitional risks had been appropriately included in management's going concern and viability assessments. We considered 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 Section 2 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\$5,130,000 (2024: US\$6,197,000).	US\$4,873,000 (2024: US\$4,713,000).
How we determined it	1% of total assets	1% of total assets, restricted to 95% of Group materiality
Rationale for benchmark applied	We continue to determine the Group's total assets as the most appropriate benchmark, reflecting the focus of users of the financial statements on the group's asset base and 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 between US\$184,000 and US\$4,873,000. 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% (2024: 75%) of overall materiality, amounting to US\$3,847,000 (2024: US\$4,647,000) for the group financial statements and US\$3,655,000 (2024: US\$3,534,000) 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 US\$256,000 (group audit) (2024: US\$309,000) and US\$243,000 (company audit) (2024: US\$235,000) 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 including base case forecasts, downside scenarios and additional sensitivities as well as 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 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 validating 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 impact of cross guarantee clauses;
- Assessing management's consideration of ongoing Senegal tax claim, including reviewing contractual and legal documentation;
- Assessing the impact of the geopolitical situation in the Middle East;
- Assessing any impact of the Group's announcement of unsolicited bids for the Group on the Directors' going concern assessment; 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 2025 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPRICORN ENERGY PLC CONTINUED

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 Statement of directors' responsibilities in respect of the financial statements, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPRICORN ENERGY PLC CONTINUED

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 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, the Listing Rules, tax legislation and concession agreements in Egypt. 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 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 the judgements and assumptions made in their significant accounting estimates; and
- 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

We were first appointed by the company for the financial year ended 31 December 2013. Our uninterrupted engagement covers 13 financial years.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Bruce Collins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
25 March 2026

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 \$m	2024 \$m
Continuing operations			
Revenue	2.1	134.9	147.8
Other income	2.1	0.9	30.1
Cost of sales	2.1	(39.4)	(41.6)
Depletion	2.1, 2.3	(50.8)	(85.1)
Gross profit		45.6	51.2
Pre-award costs		(0.2)	–
General exploration costs		0.6	(1.1)
Unsuccessful exploration well costs	2.2	(13.0)	(8.9)
(Impairment)/Reversal of impairment of property, plant & equipment – development/producing assets	2.3	(10.6)	15.7
Expected credit loss adjustment on revenue receivable	3.5	7.4	(3.9)
Other operating income		0.8	1.0
Administrative expenses		(24.9)	(23.9)
Operating profit		5.7	30.1
Fair value loss – deferred consideration on business combination		–	(5.2)
Other gains/(losses) through profit or loss		0.3	(0.1)
Finance income	4.3	4.7	9.5
Finance costs	4.4	(15.3)	(20.4)
(Loss)/Profit before tax from continuing operations		(4.6)	13.9
Taxation			
Tax credit/(charge)	5.2	21.1	(26.5)
Profit/(loss) from continuing operations		16.5	(12.6)
Profit from discontinued operations	6.1	2.5	23.2
Profit for the year attributable to equity holders of the Parent		19.0	10.6
Profit/(Loss) per share for profit/(loss) from continuing operations:			
Profit/(Loss) per ordinary share – basic	4.5	\$ 0.24	\$ (0.16)
Profit/(Loss) per ordinary share – diluted	4.5	\$ 0.23	\$ (0.16)
Profit per share for profit attributable to equity holders of the Parent:			
Profit per ordinary share – basic	4.5	0.28	0.14
Profit per ordinary share – diluted	4.5	0.26	0.14

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 \$m	2024 \$m
Profit for the year attributable to equity holders of the Parent	19.0	10.6
Other comprehensive income/(expense) – items that may be recycled to the Income Statement		
Currency translation differences	4.8	(1.2)
Currency translation differences recycled on liquidation of subsidiaries	–	(0.4)
Other comprehensive income/(expense) for the year	4.8	(1.6)
Total comprehensive income for the year attributable to equity holders of the Parent	23.8	9.0
Total comprehensive income from:		
Continuing operations	21.3	(14.2)
Discontinued operations	2.5	23.2
	23.8	9.0

GROUP BALANCE SHEET AS AT 31 DECEMBER 2025

	Note	2025 \$m	2024 \$m
Non-current assets			
Intangible exploration/appraisal assets	2.2	3.0	–
Property, plant & equipment – development/producing assets	2.3	212.4	210.8
Goodwill	2.4	10.8	10.8
Other property, plant & equipment and intangible assets	2.5	12.0	13.0
Deferred tax asset	5.4	18.2	18.3
		256.4	252.9
Current assets			
Cash and cash equivalents	3.1	132.7	123.4
Inventory	3.4	7.4	8.0
Trade and other receivables	3.5	116.5	231.4
Current tax receivable	5.3	–	4.0
		256.6	366.8
Total assets		513.0	619.7
Current liabilities			
Provisions – well abandonment	2.6	10.9	0.5
Loans and borrowings	3.2	10.4	26.4
Lease liabilities	3.3	1.0	1.0
Deferred consideration on business combinations	3.6	–	25.0
Trade and other payables	3.7	82.8	110.6
		105.1	163.5
Non-current liabilities			
Provisions – well abandonment	2.6	–	6.8
Loans and borrowings	3.2	30.0	72.9
Lease liabilities	3.3	4.6	5.1
Deferred tax liabilities	5.4	–	22.1
		34.6	106.9
Total liabilities		139.7	270.4
Net assets		373.3	349.3
Equity attributable to equity holders of the Parent			
Called-up share capital	7.1	7.3	7.3
Share premium	7.1	0.9	0.9
Shares held by ESOP/SIP Trusts	7.1a,b	(7.6)	(6.7)
Foreign currency translation	7.1c	(82.5)	(87.3)
Merger and capital reserves	7.1d	46.2	46.2
Retained earnings		409.0	388.9
Total equity		373.3	349.3

The Financial Statements on pages 87 to 126 were approved by the Board of Directors on 25 March 2026 and signed on its behalf by:



Randy Neely
Chief Executive

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 \$m	2024 \$m
Cash flow from operating activities:			
(Loss)/Profit before tax from continuing operations		(4.6)	13.9
Profit from discontinued operations	6.1	2.5	23.2
(Loss)/Profit before tax including discontinued operations		(2.1)	37.1
Adjustments for non-cash income and expense and non-operating cash flows:			
Other income – tax entitlement volumes		(0.9)	(30.1)
Unsuccessful exploration well costs		13.0	8.9
Depreciation, depletion and amortisation		52.2	86.8
Impairment/(Reversal of impairment) of property, plant & equipment – development/producing assets		10.6	(15.7)
Expected credit loss adjustment on revenue receivable		(7.4)	3.9
Share-based payments charge		2.2	1.9
Fair value loss – deferred consideration on business combination		–	5.2
Other (gains)/losses through profit or loss		(0.3)	0.1
(Gain)/Loss on disposal of a financial asset – discontinued operations		(2.5)	26.1
Loss on disposal of a subsidiary – discontinued operations		–	0.7
Gain on disposal of oil and gas asset – discontinued operations		–	(50.0)
Finance income		(4.7)	(9.5)
Finance costs		15.3	20.4
Adjustments to operating cash flows for movements in current assets and liabilities:			
Inventory movement		0.6	0.3
Trade and other receivables movement	3.5	74.0	(9.1)
Trade and other payables movement	3.7	(0.1)	9.1
Net cash flows from operating activities		149.9	86.1
Cash flows from investing activities:			
Expenditure on intangible exploration/appraisal assets		(12.8)	(1.0)
Expenditure on property, plant & equipment – development/producing assets		(76.7)	(39.7)
Expenditure on other property, plant & equipment and intangible assets		–	(0.9)
Deferred consideration received – discontinued operations		–	2.0
Deferred consideration paid on business combination		(25.0)	(25.0)
Proceeds on disposal of financial assets		0.3	3.1
Refund of proceeds on disposed of oil and gas assets – discontinued operations		(0.7)	–
Senegal contingent consideration receipt – discontinued operations	6.1	50.0	–
Tax refund received on investing activities		3.8	1.4
Interest received and other finance income		5.3	8.8
Net cash flows used in investing activities		(55.8)	(51.3)
Cash flows from financing activities:			
Repayments of borrowings	3.2	(70.1)	(13.5)
Lease payments	3.3	(1.3)	(0.9)
Dividends paid		–	(50.1)
Share repurchase		–	(7.3)
Other interest and charges		(11.9)	(14.8)
Proceeds from issue of shares		–	0.2
Cost of shares purchased	7.1a,b	(2.0)	(10.9)
Net cash flows used in financing activities		(85.3)	(97.3)
Net increase/(decrease) in cash and cash equivalents		8.8	(62.5)
Opening cash and cash equivalents at beginning of year		123.4	189.5
Foreign exchange differences		0.5	(3.6)
Closing cash and cash equivalents	3.1	132.7	123.4

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	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 \$m	Total equity \$m
At 1 January 2024	8.4	(6.3)	(85.7)	45.9	444.2	406.5
Profit for the year	–	–	–	–	10.6	10.6
Currency translation differences	–	–	(1.2)	–	–	(1.2)
Currency translation differences recycled on liquidation of subsidiaries	–	–	(0.4)	–	–	(0.4)
Total comprehensive income	–	–	(1.6)	–	10.6	9.0
Dividends paid	–	–	–	–	(50.1)	(50.1)
Share repurchase	(0.3)	–	–	0.3	(7.3)	(7.3)
Share-based payments	–	–	–	–	1.9	1.9
Exercise of employee share options	0.1	0.1	–	–	–	0.2
Cost of shares purchased	–	(10.9)	–	–	–	(10.9)
Cost of shares vesting	–	10.4	–	–	(10.4)	–
At 31 December 2024	8.2	(6.7)	(87.3)	46.2	388.9	349.3
Profit for the year	–	–	–	–	19.0	19.0
Currency translation differences	–	–	4.8	–	–	4.8
Total comprehensive income	–	–	4.8	–	19.0	23.8
Share-based payments	–	–	–	–	2.2	2.2
Cost of shares purchased	–	(2.0)	–	–	–	(2.0)
Cost of shares vesting	–	1.1	–	–	(1.1)	–
At 31 December 2025	8.2	(7.6)	(82.5)	46.2	409.0	373.3

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 Financial Statements are embedded in the notes themselves.

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 2025 were authorised for issue in accordance with a resolution of the Directors on 25 March 2026. 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).

All accounting policies have been applied consistently across all years disclosed.

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

b) Accounting standards

The Financial Statements of Capricorn 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. 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.

The IASB has issued the following standards and amendments which are not yet effective and have not been early adopted by the Group.

IFRS 18 – Presentation and Disclosure in Financial Statements (effective 1 January 2027) replaces IAS 1 and introduces new requirements relating to the presentation of the income statement and enhanced disclosure requirements. The Group is assessing the impact of IFRS 18, which is expected to primarily affect presentation and disclosure.

Amendments to IFRS 9 and IFRS 7 – Financial Instruments (effective 1 January 2026) clarify aspects of classification, derecognition and related disclosures. The amendments are not expected to have a material impact on 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 as defined by IFRS 11) 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 136.

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 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.

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, US dollars, using the closing rate method for assets and liabilities, which are translated at the rate of exchange prevailing at the balance sheet date and monthly average rates for income statement accounts. Capricorn takes exchange differences arising on the translation of net assets of Group companies whose functional currency is non-US dollar directly to the foreign currency translation reserve within equity.

Rates of exchange to \$1 were as follows:

	Closing 2025	YTD average 2025	Closing 2024	YTD average 2024
GBP	0.742	0.764	0.799	0.782

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. The cash flow forecasts assessed for the going concern assessment cover the period to March 2027.

On 11th March 2026, Capricorn confirmed it has received multiple unsolicited non-binding proposals from Alamadiyaf al Masiyyah for Trading LLC, a member of the Cafani Group, regarding a possible all cash offer to acquire the entire issued and to be issued share capital of the Company. At the time of approval of the financial statements, no firm offer has been made. There can be no certainty that any firm offer will be made, nor as to the terms of any such firm offer, or whether the Directors would recommend any offer to shareholders. As a result, this possible offer has not been considered as part of the Directors Going Concern assessment.

As the Directors will not commit to investing further Group funds into the Egypt business, separate cash flow forecasts have been run for Capricorn Egypt, the Egypt asset-holding subsidiary and the remaining Capricorn Energy PLC Group. However, Capricorn Egypt has the forecast financial capacity to settle the outstanding balance on the Junior facility within the going concern period allowing cash flow forecasts to now include remittance of surplus funds from the Egypt business back to the Capricorn Energy PLC Group.

Group cash flow forecasts have been run on base-case, price crash and downside assumptions. Base case assumptions forecast administrative costs and assume a successful outcome in the Senegal tax arbitration. A downside scenario includes an increase to administrative costs and a tax settlement payable in Senegal. The Senegal arbitration process is highly unlikely to conclude within the Going Concern period. Scenarios run currently exclude future returns to shareholders. In the Egypt business, downside assumptions include a return to lower oil prices, with an oil price averaging \$58/bbl until April 2027, and \$60/bbl thereafter through to the end of 2027, a 10% reduction in forecast production from 2026 onward and reductions to collections against outstanding Egypt trade receivables. An oil-price crash scenario assumes a fall in the oil price to \$35/bbl at the end of Q1 2026 with a recovery to \$65/bbl by the end of 2027. In all cases, capital expenditure remains as forecast, though the ability to reduce future spend to match lower revenue receipts is one of several mitigants open to the Company. Sensitivities assuming early repayment of the Junior loan facility have also been run, should post year end events of default be enforced.

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

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 17.

1.3 Post balance sheet events – Middle East instability

As of March 2026, the oil market is experiencing significant volatility, with prices ranging from \$80/bbl to near \$120/bbl following military conflicts in the Middle East, particularly around the Strait of Hormuz. The escalation of conflict involving Iran risks prolonged supply disruption with a significant quantity of global crude oil supply passing through the affected areas. Egypt has not been involved in the ongoing regional turmoil.

A prolonged crisis could lead to fiscal challenges in Egypt, which may in turn impact the Company. Capricorn continues to monitor future capital spend against collections.

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, development/producing assets and associated impairment tests performed which resulted in the impairment of the AESW asset at the year end.

Key estimates and assumptions in this section:

Estimation of reserves based on merged concessions

Capricorn's impairment test is performed across the BED and Obaiyed areas as a single cash-generating unit (CGU), reflecting the merged concession agreement which is expected to be formally ratified in H1 2026. Reserves estimates at the year end are calculated using commercial terms and contractual field lives based on this revised concession. Despite not being formally ratified at the year end, the Directors believe that with the agreement approved by all parties, including EGPC, and with an operational start date of 1 July 2025, the use for the revised reserves estimates in 2025 best reflects the results for the year.

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 used in the Group's impairment test of goodwill has been measured using the net present value of discounted future cash flows over the commercial field life of the concessions, based on the revised field life and commercial terms included in the merged concession agreement, consistent with how a market participant would value the assets. These valuations represent a level 3 estimate of fair value.

The key assumptions used in the Group's discounted cash flow models used to estimate the fair value of the asset reflect past experience and take account of external factors. These assumptions include:

- drilling plans aligned with forecast cash collections from EGPC;
- short/medium-term oil price based on the forward curve for two years from the balance sheet date;
- long-term oil price of \$65/bbl (2024: \$65/bbl) escalated at 2% per annum;
- Egypt price differentials to base oil prices;
- proved and probable reserves estimates and production profiles, based on external estimates under revised concession terms and internal price assumptions;
- collection of revenues on monthly invoices;
- cost profiles for future costs escalated at 2.0% per annum (2024: 4.0% per annum);
- carbon prices based on World Energy Outlook 2023 ("WEO-2023") Net Zero Emissions by 2050 Scenario; and
- post-tax discount rates of 15% (2024: 15%).

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 reserves volumes. Sensitivities performed on alternate carbon cost assumptions did not have a significant impact on the fair values of the assets in Egypt.

Decommissioning and well abandonment costs

In Egypt, under model concession agreements and the Fuel Material Law, liabilities in respect of development/producing assets passes to the Egyptian Government through the transfer of ownership from the contractor to the government under the cost recovery process. While the current risk to the Company of becoming liable for decommissioning liabilities in Egypt is low, future changes to legislation could result in decommissioning liabilities in Egypt. Any increase in Egyptian decommissioning liabilities could adversely affect the Company's financial condition.

In relation to petroleum wells, under good oilfield practices, the contractor is responsible for decommissioning non-producing wells under a decommissioning plan approved by EGPC during the life of the concession agreement. If EGPC agrees that a producing well is not economic, then the contractor may be responsible for decommissioning the well under an EGPC approved decommissioning plan. EGPC, at its own discretion, may not require a well to be decommissioned if it wants to preserve the ability to use the well for other purposes. As EGPC has discretion on decommissioning wells, there is a risk that the Company could incur well decommissioning costs. In accordance with the respective concession agreements, expenses approved by EGPC are recoverable through the cost recovery mechanism.

As at 31 December 2024 and 2025, no decommissioning assets or liabilities have been recorded on the Balance Sheet.

There are currently no assets that have been identified as at risk of becoming stranded.

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 adjusting 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 from their share of production. To reflect this arrangement through the concession agreements, Capricorn notionally receive a greater share of hydrocarbon production, grossing up the Group's entitlement interest share of production, by 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 2025 \$m	Year ended 31 December 2024 \$m
Oil sales	96.8	111.6
Gas sales	37.5	35.2
Revenue from oil and gas sales	134.3	146.8
Royalty income	0.6	1.0
Total revenue	134.9	147.8
Other income – tax entitlement volumes	0.9	30.1
Other income	0.9	30.1
Production costs and inventory movements	(39.4)	(41.6)
Cost of sales	(39.4)	(41.6)
Depletion (note 2.3)	(50.8)	(85.1)
Gross profit	45.6	51.2

Revenue

Capricorn recognised oil and gas revenue on 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. All sales in the year were domestic sales. Revenue includes \$15.2m of additional income relating to the merged concession agreement, for production from 1 July 2025 to 31 December 2025. This amount remains unbilled, with invoices to be issued following ratification.

Oil and gas revenue in Egypt for the year ended 31 December 2025 was \$134.3m (2024: \$146.8m), from net entitlement production of 3.6 mmboe (2024: 3.6 mmboe) of which ~40% (2024: ~39%) was liquids. Oil sales averaged \$68.4/boe (2024: \$79.3/boe) and with gas sales at \$3.1/mscf (2024: \$2.9/mscf). Other income represents tax paid on Capricorn's behalf by EGPC – see section 5.

Production costs over the year were \$39.4m (2024: \$41.6m), or \$5.4/boe (2024: \$4.8/boe) (on a working interest (WI) basis), including inventory movements.

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

2.2 Intangible exploration/appraisal assets

Capricorn follows a full successful efforts accounting policy for oil and gas assets.

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 year 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.

	Egypt \$m	Other countries \$m	Total \$m
Cost			
At 1 January 2024	2.5	–	2.5
Additions	–	6.4	6.4
Unsuccessful exploration costs	(2.5)	(6.4)	(8.9)
At 31 December 2024	–	–	–
Additions	13.3	2.7	16.0
Unsuccessful exploration costs	(10.3)	(2.7)	(13.0)
At 31 December 2025	3.0	–	3.0
Net book value			
At 31 December 2023	2.5	–	2.5
At 31 December 2024	–	–	–
At 31 December 2025	3.0	–	3.0

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

Egypt

Three exploration wells were completed in Egypt during 2025 on the NUMB, WEF and SEH concessions, with the NUMB-6 and SEH-6X wells producing encouraging results. In NUMB, the joint venture is progressing a development lease application following the drilling of NUMB-6. In SEH, the SEH-6X well, encountered sub-commercial volumes and costs were written off, however the well did establish the extension of an active petroleum system and was considered sufficiently positive to justify progressing to phase 2 on the licence. Unsuccessful exploration costs of \$10.3m (2024: \$2.5m) include the SEH and WEF concessions and directly relate to the two wells drilled.

Other countries

Additions of \$2.7m (2024: \$6.4m) relate to an increase of \$2.7m (2024: \$1.7m) on estimated historic UK well abandonment costs, and \$nil (2024: \$4.7m) of past costs no longer expected to be recovered following the exit of from all remaining licences in Mexico. All additions were immediately written off as unsuccessful exploration costs.

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 or concession 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 reserves 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 year, that charge will be reversed in a later year 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 \$m
Cost	
At 1 January 2024	572.2
Additions	62.6
At 31 December 2024	634.8
Additions	63.0
At 31 December 2025	697.8
Accumulated depletion and impairment	
At 1 January 2024	354.6
Depletion charge	85.1
Reversal of impairment	(15.7)
At 31 December 2024	424.0
Depletion charge	50.8
Impairment	10.6
At 31 December 2025	485.4
Net book value	
At 31 December 2023	217.6
At 31 December 2024	210.8
At 31 December 2025	212.4

Egypt

Additions have been funded through cash and working capital wholly within the Egypt business. Capricorn continues to align capital investment in the Egypt assets with cash collections against the outstanding trade receivables balance. Additions in the year predominantly relate to the costs of producing wells drilled. During 2025, 20 wells were spudded, 18 on the BED concessions and two on the AESW concession. All wells were complete by the end of January 2026.

Depletion of \$50.8m (2024: \$85.1m) 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 reserves estimates used in the calculation.

Impairment review

Impairment reviews conducted at the year end identified indicators of impairment on the AESW concession. This loss of future forecast production reduces the recoverable value of the asset and leads to the impairment charge of \$10.6m. Immediate drilling activity is focused on the newly merged concessions, with the recoverable value of AESW reducing as a result of deferred development activity and the shorter remaining concession term. Negotiations to improve the concession terms on AESW were initiated in 2025. Post impairment, the AESW net book value is now \$1.8m. Given the low values, there are no changes to assumptions which would result in a material adjustment to the amounts recorded in the financial statements, therefore no sensitivity analysis has been provided.

No indicators were identified on remaining concessions and these assets were not therefore tested for impairment. They are however included within the Egypt operating segment along with goodwill which is tested annually for impairment and reflects that Capricorn's market capitalisation remains below the net book value of the Group's Balance Sheet.

At 31 December 2024, the Group's development/producing assets in Egypt were reviewed for indicators of impairment or reversal of previous impairments. Following significant progress on the revised concession agreement with EGPC at the year end, the anticipated increased field lives and improved commercial terms were an indicator that previous impairments may be reversed. Impairment tests were conducted across the BED and Obaiyed concessions as a single CGU and resulted in the full reversal of prior year impairment after adjusting for additional notional depletion. Given the significant headroom generated by the increase in fair value under the improved terms, there are no reasonable changes to assumptions that would reduce the reversal of impairment recorded, therefore no sensitivity analysis has been provided. AESW and NEAG concessions were reviewed for indicators of impairment but as no indicator was identified, no impairment tests were performed.

2.4 Goodwill

	Egypt \$m
Cost	
At 1 January 2024, 31 December 2024 and 31 December 2025	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 2025 and no impairment was identified. As there are no reasonable changes to assumptions that would result in an impairment of goodwill, no sensitivity analysis has been provided.

2.5 Other property, plant & equipment and intangible assets

Accounting policies

Carbon credits

There is no specific guidance under IFRS as to how carbon credit purchases should be accounted. The IASB had previously issued an IFRIC on the subject (IFRIC 3 *Emission Rights*, issued in 2004) but this withdrawn shortly after issue. However, in the deliberations leading up to the IFRIC, the Interpretations Committee concluded that an allowance that is purchased is an asset that should be recognised.

Having recorded the asset at cost, Capricorn has elected to carry the asset on Balance Sheet and amortise on a Carbon Emissions ("UOP") basis in the periods in which the credits are utilised.

Right-of-use assets – leasehold property

At the start of the lease, the Capricorn recognises a Right-of-Use ("ROU") asset in the Balance Sheet. The ROU asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

	Carbon credits \$m	Intangible assets \$m	Property, plant & equipment \$m	Right-of-use assets – leasehold property \$m	Total \$m
At 1 January 2024	6.8	12.2	0.3	7.6	26.9
Additions	–	0.9	–	–	0.9
Disposals	–	(8.8)	–	–	(8.8)
Right-of-use asset adjustment	–	–	–	(0.6)	(0.6)
Foreign exchange	–	(0.3)	–	–	(0.3)
At 31 December 2024	6.8	4.0	0.3	7.0	18.1
Disposals	–	(2.7)	–	–	(2.7)
Foreign exchange	–	0.7	–	0.4	1.1
At 31 December 2025	6.8	2.0	0.3	7.4	16.5
Accumulated depreciation and amortisation					
At 1 January 2024	–	11.6	–	0.8	12.4
Charge for the year	–	0.6	0.1	1.0	1.7
Disposals	–	(8.8)	–	–	(8.8)
Foreign exchange	–	(0.3)	–	0.1	(0.2)
At 31 December 2024	–	3.1	0.1	1.9	5.1
Charge for the year	–	0.3	0.2	0.9	1.4
Foreign exchange	–	0.7	(0.1)	0.1	0.7
Disposals	–	(2.7)	–	–	(2.7)
At 31 December 2025	–	1.4	0.2	2.9	4.5
Net book value					
At 31 December 2023	6.8	0.6	0.3	6.8	14.5
At 31 December 2024	6.8	0.9	0.2	5.1	13.0
At 31 December 2025	6.8	0.6	0.1	4.5	12.0

Disposals of intangible assets in 2024 relate to fully amortised, historic software costs written off including the Group's legacy ERP system which was replaced in that year.

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, to help achieve its net zero targets. For more details see the TCFD Report, on pages 24 to 31. None of the carbon credits purchased have subsequently been retired. Amortisation of the carbon credits will commence on first retirement. The carrying value of carbon credits are included within the Egypt cash generating unit for impairment testing.

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

2.6 Provisions – well abandonment

	Total \$m
At 1 January 2024	5.5
Change in estimate	1.7
Unwinding of discount	0.3
Foreign exchange	(0.2)
At 31 December 2024	7.3
Change in estimate	2.7
Unwind of discount	0.3
Well abandonment expenses paid	(0.1)
Foreign exchange	0.7
At 31 December 2025	10.9
Amounts due less than one year	10.9
At 31 December 2025	10.9

Well abandonment provisions at 31 December 2025 represent the present value of costs related to the abandonment of two wells on the Tybalt P1632 licence in the UK.

The provision is based on operator cost estimates, subject to internal review and amendment where considered necessary, and is calculated using assumptions based on existing technology and the current economic environment. Based on updated timings from the operator, all amounts are now due within 12 months. In 2024, for amounts due greater than one year, cost escalation was 3.0% with a discount rate of 4.1% per annum. The reasonableness of these assumptions is reviewed at each reporting date to take into account any material changes required.

In December 2025, the well abandonment work plan was updated resulting in increases to the provision of \$2.7m (2024: \$1.7m). The work has been brought forward to 2026 from 2027, resulting in the full provision being classified as a current liability.

2.7 Capital commitments

	At 31 December 2025 \$m	At 31 December 2024 \$m
Oil and gas expenditure:		
Intangible exploration/appraisal assets	–	7.6
Contracted for	–	7.6

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.

There were no capital commitments for intangible exploration/appraisal assets relating to remaining licence commitments in Egypt (2024: \$7.6m). Commitments totalling \$9.9m were approved in January 2026, through joint venture budgets.

At 31 December 2025, there were no capital commitments recorded for property, plant & equipment – development/producing assets (2024: \$nil). However, commitments totalling \$82.8m were approved in January 2026 through joint venture budgets.

There were no short-term lease commitments at the 2025 balance sheet date (2024: \$nil).

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

This section includes detail on the Group's loan facilities, where the Senior Facility is now fully repaid, 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 reviews expected credit loss adjustments that reduce the value of receivables in Egypt at each reporting date. While Capricorn ultimately expects to recover the full value of receivables, the credit risk assessment is based on latest market observed risk ratings and the current ageing of receivables.

There is no reasonable change in assumptions that would lead to material impact on the Financial Statements and therefore no sensitivity analysis is provided.

3.1 Cash and cash equivalents

Accounting policy

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. For the purposes of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

	At 31 December 2025 \$m	At 31 December 2024 \$m
Cash at bank	19.7	16.2
Money market funds	113.0	107.2
Cash and cash equivalents	132.7	123.4

At 31 December 2025, \$55.3m (2024: \$48.7m) of cash and cash equivalents are restricted and not available for immediate ordinary business use. This includes \$53.6m (2024: \$45.5m) of cash and cash equivalents in Egypt. Restricted cash in Egypt may be used to fund ongoing working capital requirements of the producing assets and to fund principal and interest payments on the Group's debt facilities.

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 2025 and 31 December 2024, 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 BBB- or above from at least two of Moody's, Standard & Poor's or Fitch, unless a sovereign guarantee is available from a BBB- rated government. The limits set by the counterparties vary between \$20.0m 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 BBB-rated liquidity funds and the maximum holding in any single fund is 20% of total investments.

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

3.2 Loans and borrowings

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Reconciliation of opening and closing liabilities to cash flow movements:		
Opening liabilities	99.3	111.8
Loan repayments in the year disclosed in the statement of Cash Flows		
Senior Debt Facility	(60.1)	(13.5)
Junior Debt Facility	(10.0)	–
	(70.1)	(13.5)
Non-cash movements		
Junior Debt Facility payment allocated to prepayments	10.0	–
Accrued debt facility interest	(0.1)	0.1
Amortisation of debt arrangement fees	1.3	0.9
Closing liabilities	40.4	99.3
Amounts due less than one year	10.4	26.4
Amounts due greater than one year	30.0	72.9
Closing liabilities	40.4	99.3

Capricorn Egypt debt facilities

In September 2021, Capricorn Egypt entered into a \$325.0m Senior Debt Facility and an \$80.0m Junior Debt Facility jointly with the Operator in Egypt, to finance the acquisition of the Egyptian Western Desert portfolio. The facility commitments are split 50:50 with the Operator. The remaining Senior Debt Facility was repaid in full in 2025 by Capricorn and the Operator, and the Senior Debt Facility was cancelled. The Junior Debt Facility remains active. The maximum drawdown available to Capricorn at 31 December 2025 was \$40.0m (2024: \$40.0m) for the Junior Debt Facility. All drawings in the year were denominated in US dollars. The first amortisation payment on the Junior Debt Facility was due on 5th January 2026, however Capricorn made this repayment in late December 2025. As the liability was not formally extinguished until the due date, the \$10.0m payment is classified as an other asset at the year end, see note 3.5.

Interest on the Junior debt drawn is charged at the appropriate SOFR for the currency drawn plus an applicable margin, with additional charges relating to notional marketing fees. The remaining Junior Facility is scheduled to be repaid in 2027 and 2028. Capricorn has provided no guarantee outside the subsidiary holding the Egypt assets. The Junior facility is cross-guaranteed by the Group companies party to the facility, including the Operator. Capricorn has provided no guarantee outside the subsidiary holding the Egypt business. Post year end, events of default exist on the Junior Facility; however, lenders have taken no action to force repayment of the outstanding balance.

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 installments 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.

	At 31 December 2025 \$m	At 31 December 2024 \$m
Reconciliation of opening and closing liabilities to cash flow movements:		
Opening Liabilities	6.1	7.4
Lease payments in the year disclosed in the statement of Cash Flows as financing cash flows		
Total lease payments	(1.3)	(0.9)
Non-cash movements:		
Lease adjustment	–	(0.7)
Lease interest charges	0.4	0.4
Foreign exchange	0.4	(0.1)
Closing lease liabilities	5.6	6.1
Amounts due less than one year	1.0	1.0
Amounts due greater than one year	4.6	5.1
Total lease liabilities	5.6	6.1

As at 31 December 2025, the balance of \$5.6m (2024: \$6.1m) wholly relates to office lease costs in the UK and Egypt.

As at 31 December 2025, 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 3.8.

3.4 Inventory

Accounting policy

Spare parts inventories in Egypt are maintained by Bapetco on behalf of the Operator. 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.

	At 31 December 2025 \$m	At 31 December 2024 \$m
Spare parts – Egypt concessions	7.4	8.0

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 2025 \$m	At 31 December 2024 \$m
Trade receivables	84.4	175.4
Other receivables	21.2	54.1
Prepayments and other assets	10.5	0.8
Joint operation receivables	0.4	1.1
	116.5	231.4

Trade receivables relate to the Group's producing assets in Egypt. Capricorn remain in discussions with EGPC to manage the receivables position and retain the capability to restrict further investment in Egypt to match revenue collections. The significant improvement in collections across 2025 has resulted in a material reduction in the trade receivables balance at the year end. At 31 December 2025, the expected credit loss adjustment offsetting receivables is \$1.3m (2024: \$8.7m), a net credit of \$7.4m (2024: net charge \$3.9m) is to the Income Statement in the year.

Trade receivables are initially recorded at fair value and subsequently measured at amortised cost, net of an allowance for expected credit losses. 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.

The other receivables balance of \$21.2m (2024: \$54.1m) includes accrued oil and gas revenue receivable of \$15.2m (2024: \$nil) which will be invoiced on formal ratification of the revised concession agreement, interventure receivables of \$0.6m (2024: \$0.6m), VAT recoverable in the UK of \$0.2m (2024: \$0.1m), money market interest receivable of \$0.4m (2024: \$0.9m) and the earnout settlement receivable of \$4.0m (2024: \$1.5m) (see note 6.1). The 2024 balance also included \$50.0m of further consideration due on the past sale of assets in Senegal (see note 6.1 for details).

Prepayments and other assets at 31 December 2025 include a \$10.0m early repayment on the Junior Debt Facility. See note 3.2.

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Reconciliation of opening and closing receivables to operating cash flow movements:		
Opening trade and other receivables	231.4	186.0
Closing trade and other receivables	(116.5)	(231.4)
Decrease/(Increase) in trade and other receivables	114.9	(45.4)
Foreign exchange	3.9	(1.4)
Senegal consideration (received)/receivable	(50.0)	50.0
Decrease in joint operation receivables relating to investing activities	(6.9)	(7.7)
Decrease in other receivables relating to investing activities	(0.6)	(4.4)
Increase in prepayments and other receivables relating to financing activities	10.2	0.3
Trade and other receivables movement on earnout settlement	2.5	(0.5)
Trade and other receivables cash flow movement	74.0	(9.1)

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 liabilities at fair value through profit or loss

	At 31 December 2025 \$m	At 31 December 2024 \$m
Current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	–	25.0

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

Deferred consideration was due to Shell following the Egypt business combination in 2021, with amounts due linked to the average annual dated Brent oil price for each year up to and including the 2024 year end. A maximum \$50.0m was due for each year, split 50:50 between Capricorn and the Operator where the average oil price exceeded \$75/bbl. Capricorn's full \$25.0m share was payable in respect of 2023 and 2024 and settled in May 2024 and January 2025 respectively. No further amounts are due to Shell.

In 2024, the Group recorded a \$5.2m loss on fair value movements increasing the financial liability to the full \$25.0m due.

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 2025 \$m	At 31 December 2024 \$m
Trade payables	0.1	0.1
Other taxation and social security	0.7	0.6
Accruals and other payables	5.9	6.3
Joint operation payables	76.1	103.6
	82.8	110.6

Joint operation payables include \$6.7m (2024: \$13.7m) and \$69.4m (2024: \$89.9m) relating to exploration/appraisal asset and development/producing asset costs respectively. \$72.2m (2024: \$99.6m) relates to the Group's operations in Egypt.

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Reconciliation of opening and closing payables to operating cash flow movements:		
Opening trade and other payables	(110.6)	(82.0)
Closing trade and other payables	82.8	110.6
(Decrease)/Increase in trade and other payables	(27.8)	28.6
Foreign exchange	(0.2)	(0.5)
Decrease/(Increase) in joint operation payables relating to investing activities	27.3	(18.2)
Decrease/(Increase) in accruals and other payables relating to investing activities	0.8	(0.7)
Increase in accruals and other payables relating to financing activities	(0.2)	(0.1)
Trade and other payables cash flow movement	(0.1)	9.1

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.

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

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

	At 31 December 2025 \$m	At 31 December 2024 \$m
Carrying amount at fair value		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	132.7	123.4
Trade receivables	84.4	175.4
Other receivables	21.2	54.1
Joint operation receivables (excluding VAT)	0.4	1.1
	238.7	354.0

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 2025 or 2024 other than the impairment of other long-term receivables and other receivables relating to amounts due on the settlement agreement with Waldorf Production Limited (see note 6.1).

Financial liabilities

	At 31 December 2025 \$m	At 31 December 2024 \$m
Carrying amount at fair value		
<i>Financial liabilities at amortised cost</i>		
Trade payables	0.1	0.1
Accruals and other payables	5.9	6.3
Joint operation payables	76.1	103.6
Lease liabilities	5.6	6.1
Loans and borrowings	40.4	99.3
<i>Financial liabilities at fair value</i>		
Deferred consideration on business combinations	–	25.0
	128.1	240.4

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

Maturity analysis of financial liabilities

The expected financial maturity of the Group's financial liabilities at 31 December 2025 is as follows:

	<1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
<i>Financial liabilities at amortised cost</i>				
Trade payables	0.1	–	–	–
Accruals and other payables	5.9	–	–	–
Joint operation payables	76.1	–	–	–
Lease liabilities	1.0	1.0	2.7	0.9
Loans and borrowings	14.5	12.9	21.2	–
	97.6	13.9	23.9	0.9

3.8 Financial instruments continued

Financial liabilities continued

The expected financial maturity of the Group's financial liabilities at 31 December 2024 was as follows:

	<1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
<i>Financial liabilities at amortised cost</i>				
Trade payables	0.1	–	–	–
Accruals and other payables	6.3	–	–	–
Joint operation payables	103.6	–	–	–
Lease liabilities	1.0	1.0	2.7	1.4
Loans and borrowings	33.9	47.0	40.1	–
<i>Financial liabilities at fair value</i>				
Deferred consideration on business combinations	25.0	–	–	–
	169.9	48.0	42.8	1.4

Fair value

	At 31 December 2025 \$m	At 31 December 2024 \$m
Liabilities measured at fair value – Level 2		
<i>Financial liabilities at fair value</i>		
Deferred consideration on business combinations	–	25.0
	–	25.0

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, 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 year covered by this report.

Liquidity risk

The Group closely monitors and manages its liquidity risk using both short- and long-term cash flow projections, incorporating debt financing plans and active portfolio management of investments. 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 as well as collection assumptions on receivables related to legacy items.

During the year, the Group's treasury function has actively managed the Group's US dollar 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. US dollar payments have been carefully managed to match cash inflows on receivable settlements preserving sufficient funds to meet upcoming debt repayments as and when they fall due.

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

3.9 Financial risk management: objectives and policies continued

Liquidity risk continued

The Group runs sensitivities on its liquidity position at various times throughout the year. This includes scenarios forecasting different levels of capital expenditure dependent on uncertain payment schedules from EGPC. Further details are noted in the Viability Statement provided on page 17. Details of the Group's debt facilities can be found in note 3.2.

Future liquidity of the Egypt business is dependent upon the timing of payments from EGPC to maintain the current receivables position. The Group preserves liquidity by committing only to further investment that can be funded through collections. 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 and trade and other 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. Amounts are recognised after providing for expected credit losses, based on management's assessment of credit risk.

Credit risk for investments with banks and other financial institutions is managed by the Group treasury function in accordance with Board-approved policies. 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.

Capricorn's policy is 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 monitors 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 2025, the Group had material investments with six counterparties (2024: 10) to ensure no concentration of counterparty investment risk. At 31 December 2025 and 2024, 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.

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 USD: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 2025		At 31 December 2024	
	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 USD	(6.9)	(1.2)	(7.6)	(0.9)
10% decrease in GBP to USD	6.9	1.2	7.6	0.9

SECTION 4 – INCOME STATEMENT ANALYSIS

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. Capricorn has included the results of discontinued operations within the "Other Capricorn Energy Group" segment for both years presented.

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 4.2 (b).

4.1 Segmental analysis

Operating segments

Capricorn had one reportable operating segments during 2025 relating to its operations in Egypt. "Other countries" combine costs relating to legacy positions in Mexico and ongoing new venture activities in the UK. 2024 comparative information has been restated to reflect the revised reportable segments.

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.

	At 31 December 2025 \$m	At 31 December 2024 \$m
Geographical information: non-current assets		
Egypt	226.5	221.8
Other Capricorn Energy Group	11.7	12.8
Total non-current assets	238.2	234.6

4.1 Segmental analysis continued**Operating segments** continued

The segment results for the year ended 31 December 2025 are as follows:

	Egypt \$m	Other countries \$m	Other Capricorn Energy Group \$m	Total \$m
Continuing operations				
Revenue	134.3	–	0.6	134.9
Other income	0.9	–	–	0.9
Cost of sales	(39.4)	–	–	(39.4)
Depletion	(50.8)	–	–	(50.8)
Gross profit	45.0	–	0.6	45.6
Pre-award costs	–	–	(0.2)	(0.2)
General exploration costs	0.6	–	–	0.6
Unsuccessful exploration well costs	(10.3)	(2.7)	–	(13.0)
Impairment of property, plant & equipment – development/producing assets	(10.6)	–	–	(10.6)
Expected credit loss adjustment on revenue receivable	7.4	–	–	7.4
Other operating income	–	–	0.8	0.8
Depreciation – purchased assets	–	–	(0.2)	(0.2)
Amortisation – right-of-use assets	(0.2)	–	(0.7)	(0.9)
Amortisation of other intangible assets	–	–	(0.3)	(0.3)
Other administrative expenses	(2.7)	(2.3)	(18.5)	(23.5)
Operating profit/(loss)	29.2	(5.0)	(18.5)	5.7
Other gains through profit or loss	–	–	0.3	0.3
Interest income	1.0	–	3.5	4.5
Interest expense	(8.2)	–	–	(8.2)
Other net finance expense	(0.5)	(1.0)	(5.4)	(6.9)
Profit/(Loss) before tax from continuing operations	21.5	(6.0)	(20.1)	(4.6)
Tax credit	21.1	–	–	21.1
Profit/(Loss) for the year from continuing operations	42.6	(6.0)	(20.1)	16.5
Profit from discontinued operations	–	–	2.5	2.5
Profit/(Loss) attributable to equity holders of the Parent	42.6	(6.0)	(17.6)	19.0
Balance as at 31 December 2025:				
Capital expenditure	62.6	–	–	62.6
Total assets	415.1	7.0	90.9	513.0
Total liabilities	113.8	15.7	10.2	139.7
Non-current assets	226.5	–	11.7	238.2

Revenue in the Egypt segment contains revenue generated from eight concessions in the Western Desert, onshore the Arab Republic of Egypt. 95.1% (\$113.3m) of revenue related to sales to a single customer.

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

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.1 Segmental analysis continued

Operating segments continued

The segment results for the year ended 31 December 2024 were as follows:

	Egypt \$m	Other countries (restated) \$m	Other Capricorn Energy Group \$m	Total \$m
Revenue	146.8	–	1.0	147.8
Other income	30.1	–	–	30.1
Cost of sales	(41.6)	–	–	(41.6)
Depletion charges	(85.1)	–	–	(85.1)
Gross profit	50.2	–	1.0	51.2
General exploration costs	(1.1)	–	–	(1.1)
Unsuccessful exploration costs	(2.5)	(6.4)	–	(8.9)
Impairment reversal of property, plant & equipment – development/producing assets	15.7	–	–	15.7
Expected credit loss adjustment on revenue receivable	(3.9)	–	–	(3.9)
Other operating income	–	–	1.0	1.0
Depreciation – purchased assets	–	–	(0.1)	(0.1)
Amortisation – right-of-use assets	(0.3)	–	(0.7)	(1.0)
Amortisation of other intangible assets	–	(0.1)	(0.5)	(0.6)
Other administrative expenses	(2.6)	(0.8)	(18.8)	(22.2)
Operating profit/(loss)	55.5	(7.3)	(18.1)	30.1
Fair value loss – deferred consideration	(5.2)	–	–	(5.2)
Other losses through profit or loss	–	–	(0.1)	(0.1)
Interest income	1.8	0.1	7.1	9.0
Interest expense	(13.7)	–	(0.4)	(14.1)
Other net finance (expense)/income	(5.6)	(1.3)	1.1	(5.8)
Profit/(Loss) before tax from continuing operations	32.8	(8.5)	(10.4)	13.9
Tax (charge)/credit	(31.9)	–	5.4	(26.5)
Profit/(Loss) for the year from continuing operations	0.9	(8.5)	(5.0)	(12.6)
Profit from discontinued operations	–	–	23.2	23.2
Profit/(Loss) attributable to equity holders of the Parent	0.9	(8.5)	18.2	10.6
Balances as at 31 December 2024:				
Capital expenditure	62.6	–	0.9	63.5
Total assets	469.5	9.1	141.1	619.7
Total liabilities	246.9	11.8	11.7	270.4
Non-current assets	221.8	–	12.8	234.6

Revenue in the Egypt segment contains revenue generated from eight concessions in the Western Desert, onshore the Arab Republic of Egypt. 94.0% (\$138.0m) of revenue related to sales to a single customer.

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

4.2 Employee benefits: staff costs, share-based payments and Directors' emoluments

a) Staff costs

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Wages and salaries	10.1	9.6
Social security costs	1.8	1.9
Redundancy costs	–	0.3
Other pension costs	0.4	0.4
Share-based payments	2.2	1.9
	14.5	14.1

Staff costs are shown gross before amounts recharged to joint operations. The share-based payments charge represents amounts in respect of equity-settled options. Social security costs include pro-rata accruals for NIC expected to be due on share-based payments forecast to vest in future years.

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	
	Monthly average 2025	Monthly average 2024
Continuing operations:		
UK	27	28
Egypt	12	16
UAE	2	–
Mexico	–	1
	41	45

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.2 Employee benefits: staff costs, share-based payments and Directors' emoluments continued

b) Share-based payments

Income Statement charge

	Year ended 31 December 2025	Year ended 31 December 2024
	\$m	\$m
Included within gross staff costs (continuing operations):		
SIP	0.3	0.4
LTIP	1.8	1.4
Deferred bonus	0.1	–
Employee share scheme	–	0.1
	2.2	1.9

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 2025			Year ended 31 December 2024		
	WAFV £	WAGP/ WAEP £	Number of shares	WAFV £	WAGP/ WAEP £	Number of shares
SIP – free shares	2.37	2.37	40,986	1.69	1.69	59,696
SIP – matching shares	2.32	2.32	31,040	2.07	2.07	30,786
LTIP	1.01	2.42	1,815,978	0.78	1.75	2,412,942
Deferred bonus	2.42	2.42	134,869	1.75	1.75	37,164
			2,022,873			2,540,588

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

	2025		2024	
	Number of shares	WAGP £	Number of shares	WAGP £
At 1 January	6,630,098	1.82	11,784,135	1.79
Granted during the year	1,815,978	2.42	2,412,942	1.75
Exercised during the year	(320,048)	1.32	(3,043,566)	1.64
Lapsed during the year	(1,245,734)	1.96	(4,523,413)	1.81
At 31 December	6,880,294	1.98	6,630,098	1.82

The weighted average remaining contractual life of outstanding awards under the LTIP at 31 December 2025 was 1.1 years (2024: 1.2 years). Included in the above are 114,536 of exercisable LTIP awards (2024: 210,303). 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:

	2025		2024	
	Number of shares	WAGP/WAEP £	Number of shares	WAGP/WAEP £
At 1 January	710,628	1.90	2,037,947	1.90
Consolidation of shares	–	–	(37,191)	1.84
Granted during the year	206,895	2.39	127,646	1.74
Exercised during the year	(342,992)	1.94	(385,689)	1.69
Lapsed during the year	(8,805)	1.98	(1,032,085)	1.82
At 31 December	565,726	2.06	710,628	1.90

The weighted average remaining contractual life of outstanding awards under all other schemes at 31 December 2025 was 6.1 years (2024: 7.2 years). Included in the above are 205,365 of exercisable employee share awards (ESAS) (2024: 14,552). No exercise price is payable in respect of ESAS.

4.2 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 LTIP scheme awards were calculated using a Monte Carlo model.

Capricorn 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 £2.32 (2024: £1.90).

The Company awards two types of LTIP shares to all employees and senior executives. The vesting of the LTIP awards are linked to absolute shareholder returns.

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

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 \$3.57 (2024: \$2.56)	0%
\$5.13 or higher (2024: \$3.70)	100%
Between \$3.57 and \$5.13 (2024: \$2.56 and \$3.70)	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.

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 \$3.09 (2024: \$2.21)	0%
\$3.10 (2024: \$2.22)	50%
\$3.57 or higher (2024: \$2.56)	100%
Between \$3.10 and \$3.57 (2024: \$2.22 and \$2.56)	50%–100% on a straight-line basis

Fair value of the awards using Monte Carlo simulation model	2025 \$	2024 \$
Senior Executive award	1.18	0.77
Staff award	1.74	1.32

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 55 to 79. 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 senior management who are identified as the key management personnel of the Group is set out below in aggregate.

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Short-term employee benefits	5.4	5.6
Post-employment benefits	0.1	0.1
Share-based payments	1.3	0.6
	6.8	6.3

In addition, employer's National Insurance Contributions for key management personnel in respect of short-term employee benefits were \$0.4m (2024: \$0.5m).

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.

None of the shares awarded to key management personnel vested under the LTIP in 2025 or 2024.

4.3 Finance income

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Bank and other interest receivable	4.5	8.5
Other finance income	0.2	0.6
Exchange gain recycled from Other Comprehensive Income	–	0.4
	4.7	9.5

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.4 Finance costs

	Year ended 31 December 2025	Year ended 31 December 2024
	\$m	\$m
Loan interest	8.2	12.8
Facility fees amortisation	1.9	0.9
Other interest and finance charges and unwind of discount	3.8	2.8
Exchange loss	1.4	3.9
	15.3	20.4

Loan interest of \$8.2m (2024: \$12.8m) was charged on the Egypt Junior and Senior Debt Facilities.

4.5 Earnings per ordinary share

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

	Year ended 31 December 2025	Year ended 31 December 2024
	\$m	\$m
Profit/(Loss) and diluted profit/(loss) after taxation from continuing operations	16.5	(12.6)
Profit and diluted profit attributable to equity holders of the Parent	19.0	10.6

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

	Number of shares 2025 '000	Number of shares 2024 '000
Weighted average number of shares	70,558	79,557
Less weighted average shares held by ESOP and SIP Trusts	(1,964)	(1,310)
Basic weighted average number of shares	68,594	78,247
Potentially dilutive effect of shares issuable under employee share plans:		
LTIP awards	2,731	–
Unapproved plans	205	–
Deferred bonus plan	172	–
Diluted weighted average number of shares	71,702	78,247
Potentially issuable shares not included above:		
LTIP awards	4,009	–
Number potentially issuable shares	4,009	–

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 assets existing at the year end and the current tax credit 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 from their share of production. The tax liability however remains with the contractor to the point of settlement. Therefore, Capricorn recognises deferred tax liabilities on temporary taxable difference where the carrying value of non-current assets exceeds their tax written down values.

Capricorn also records a tax charge in the year for tax that is payable on the Group's share of profits from production. Other income is recorded within gross profit to reflect the sale of additional volumes by EGPC on behalf of the Group to settle the tax liability arising; see note 2.1.

In the current year, deferred tax calculations have been amended to reflect the merged concessions agreement. The new single concession merges eight previous concessions into one, eliminating previous deferred tax liabilities that existed across five concessions where the net book value of assets exceeded the tax written down value. Under the merged concession, a deferred tax assets is instead recorded.

Deferred taxation – recognition of deferred tax assets on Egypt concessions

At the year end, Capricorn recognise deferred tax assets across two concessions, including the merged concession, where available tax losses are expected to be recovered, within a period not exceeding five years, on forecast future taxable profits over which the losses can be utilised.

SECTION 5 – TAXATION CONTINUED

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. 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. 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 credit/(charge) on (loss)/profit for the year

Analysis of tax credit/(charge) on (loss)/profit for the year

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Current tax charge:		
Overseas corporation tax charge – Egypt	(0.9)	(30.1)
Overseas corporation tax credit – India	–	5.4
Total current tax charge on (loss)/profit	(0.9)	(24.7)
Deferred tax credit/(charge):		
Deferred tax credit/(charge) on intangible/tangible assets – Egypt	22.0	(1.8)
Deferred tax credit/(charge) on (loss)/profit	22.0	(1.8)
Total deferred tax credit/(charge) on (loss)/profit	21.1	(26.5)

The current tax charge in Egypt of \$0.9m (2024: \$30.1m) is settled by EGPC on the Group's behalf.

Factors affecting the tax credit/(charge) for the year

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

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Loss/(Profit) before tax	4.6	(13.9)
Loss/(Profit) before tax multiplied by the UK statutory rate of corporation tax of 25% (2024: 25%)	1.1	(3.5)
Effect of:		
Special tax rates and reliefs applying to oil and gas activities in the UK	0.5	2.1
Special tax rates and reliefs applying to oil and gas activities in Egypt	8.1	(5.1)
Temporary differences not recognised	4.3	(7.1)
Egypt tax losses	10.8	–
Permanent items non-deductible	(3.7)	(18.3)
India tax refund not subject to tax	–	5.4
Total tax credit/(charge) on (loss)/profit	21.1	(26.5)

The reconciliation shown above has been based on the average UK statutory rate of corporation tax for 2025 of 25% (2024: 25%).

The applicable UK statutory corporation tax rate applying to North Sea oil and gas activities is currently 40% (2024: 40%). The temporary Energy (Oil and Gas) Profits Levy was increased to 38% on profits arising after 1 November 2024 (substantively enacted November 2024).

SECTION 5 – TAXATION CONTINUED

5.2 Tax credit/(charge) on (loss)/profit for the year continued

Factors affecting tax credit/(charge) for the year continued

The applicable statutory tax rate applying to oil and gas activities in Egypt is currently 40.55% (2024: 40.55%).

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

The effect of temporary differences not recognised of \$4.3m (2024: \$(7.1)m) includes:

- a \$(0.5)m (2024: \$(2.1)m) 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 \$11.2m (2024: \$0.1m) movement in the year in respect of unrecognised deferred tax assets on Egypt oil and gas assets and tax losses;
- a \$(5.7)m (2024: \$(4.7)m) 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 \$(0.7)m (2024: \$(0.4)m) 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 \$3.7m (2024: \$18.3m) includes:

- \$2.2m (2024: \$2.2m) in respect of share-based payment charges;
- \$(3.0)m (2024: \$(4.7)m) predominantly in respect on non-taxable adjustments related to foreign exchange and tax relief on exercised share options;
- \$3.6m (2024: \$17.9m) in respect of costs in Egypt considered non-deductible for tax purposes;
- \$0.9m (2024: \$1.8m) in respect of other permanent items considered non-deductible; and
- no current year impact (2024: \$1.1m) in respect of overseas costs considered non-deductible/taxable.

5.3 Current tax receivable

Capricorn was due a refund of tax previously withheld in India on dividends due to the Group from its past shareholding in Vedanta Limited. The total refund due to the Group was \$5.4m, with \$1.4m received during 2024 and \$4.0m outstanding at 31 December 2024. The remaining refund was received in September 2025.

5.4 Deferred tax assets and liabilities

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

	Temporary difference in respect of non-current assets \$m	Losses \$m	Total \$m
Deferred tax asset			
At 1 January 2024	4.3	3.3	7.6
Deferred tax credit through the Income Statement	13.2	(2.5)	10.7
At 31 December 2024	17.5	0.8	18.3
Deferred tax charge through the Income Statement	(7.0)	6.9	(0.1)
At 31 December 2025	10.5	7.7	18.2

Deferred tax liabilities

At 1 January 2024	(9.6)	–	(9.6)
Deferred tax charge through the Income Statement	(12.5)	–	(12.5)
At 31 December 2024	(22.1)	–	(22.1)
Deferred tax credit through the Income Statement	22.1	–	22.1
At 31 December 2025	–	–	–

Deferred tax assets/(liabilities) in Egypt:

	At 31 December 2025 \$m	At 31 December 2024 \$m
Assets	18.2	18.3
Liabilities	–	(22.1)
	18.2	(3.8)

Recognised deferred tax assets

Egypt

Deferred tax assets of \$10.5m (2024: \$17.5m) are recognised in respect of Egypt oil and gas non-current assets temporary differences of \$25.9m (2024: \$43.2m) and Egypt tax losses of \$7.7m (2024: \$0.8m) on concessions where future profits are expected to be available to recover the value of the assets.

At the balance sheet date the Group has \$41.7m (2024: \$69.5m) of temporary differences in respect of Egypt non-current assets and \$0.7m (2024: \$38.9m) of Egypt tax losses, which can be offset against future oil and gas profits in Egypt. No deferred tax asset is 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

No deferred tax liabilities are now recognised related to Egypt oil and gas non-current assets (2024: \$22.1m recognised across five concessions in respect of taxable temporary differences of \$54.5m). This reflects the impact of the merged concession agreement.

Unrecognised deferred tax assets

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

	At 31 December 2025 \$m	At 31 December 2024 \$m
UK RFCT trading losses	254.3	254.7
UK SCT loss	251.9	250.8
UK other ring fence temporary differences	629.1	629.3
UK excess management expenses	464.2	450.9
UK non-trade deficits	100.6	93.2
UK temporary differences on share-based payments	34.0	34.0
Egypt fixed asset temporary differences	17.2	11.8
Egypt ring fence corporation tax trading losses	–	35.6

SECTION 6 – DISCONTINUED OPERATIONS

This section contains details of the profit from discontinued operations in the year, primarily arising on further consideration receivable on the sale of assets in Senegal in 2021 offset by impairment of amounts receivable from Waldorf Production Limited relating to the sale of UK assets, also in 2021.

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 (“Woodside”). The claim contains two items that Capricorn is responsible for under the agreement for the sale of the assets from Capricorn to Woodside. 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 6.3.

6.1 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”).

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 received at the end of Q1 2024. An additional payment of \$22.5m was due in early January 2025 and Capricorn were also due to receive a non-operated asset in the UK North Sea. However, due to financial difficulties impacting Waldorf, the \$22.5m has not been received and instead written down to an estimated recoverable value of \$1.5m at 31 December 2024. The transfer of the asset did also not complete and the related long-term receivable was fully impaired in 2024. The Group recorded a combined loss on the settlement of the earnout of \$26.1m in 2024.

During 2025, Capricorn's legal team have been actively pursuing Waldorf for additional recovery of sums due a revised settlement offer has been tabled, expected to be worth \$4.0m to Capricorn and the receivable has been increased to reflect this expected recovery. Capricorn's legal costs have also been met by Waldorf.

Senegal deferred consideration

In January 2025, Capricorn received a further \$50.0m consideration relating to the disposal of oil and gas assets in Senegal in 2021. This consideration was dependent on several conditions being met, including the date of first oil and an average oil price above set levels, and these were all achieved by the end of 2024.

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

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Operating profit		
Gain on disposal of oil and gas assets	–	50.0
Loss on disposal of a subsidiary	–	(0.7)
Profit/(Loss) on disposal of a financial asset	2.5	(26.1)
Profit before tax from discontinued operations	2.5	23.2
Tax charge	–	–
Profit after tax from discontinued operations	2.5	23.2
	2025	2024
	\$	\$
Earning per share for profit after tax from discontinued operations		
Profit per ordinary share – basic	0.04	0.30
Profit per ordinary share – diluted	0.03	0.30

6.2 Cash flow information for discontinued operations

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Net cash flows from investing activities	49.3	2.0
Net increase in cash and cash equivalents	49.3	2.0

In 2025, the Company received a contingent payment of \$50.0m related to Senegal and refunded \$0.7m of proceeds from the disposal of oil and gas assets in Norway. In 2024, \$2.0m was received under the earnout settlement agreement (see note 6.1).

6.3 Discontinued operations – Senegal contingent liability

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

- Senegalese registration duty (XOF 14.1 bn) 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 (XOF 9.1 bn 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. Woodside has filed an action with the High Court of Dakar and a request for arbitration with the International Centre of Investment Disputes disputing the tax assessment.

At the balance sheet date Capricorn estimate of the exposure under the registration duty claim has decreased to \$25.7 m with penalties and interest no longer attached to the registration duty 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 735/143p ordinary '000	799/122p ordinary '000	735/143p ordinary \$m	799/122p ordinary \$m
Allotted, issued and fully paid ordinary shares				
At 1 January 2024	93,778	–	7.6	–
Share repurchase	(1,840)	(1,595)	(0.2)	(0.1)
Share consolidation	(91,938)	72,153	(7.4)	7.4
At 31 December 2024 and 2025	–	70,558	–	7.3
Share premium				
At 1 January 2024				0.8
Arising on shares issued for employee share options				0.1
At 31 December 2024 and 2025				0.9

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

On 27 April 2023, the Company announced a share buyback programme of up to \$25m, which commenced in May 2023. A total of 10,579,494 shares were repurchased throughout the buyback programme during 2024. The total value of the ordinary shares purchased was £19.8m (\$24.1m), with a \$0.7m reduction in share capital and a reduction of \$1.1m to retained earnings after stamp duty and costs.

On 28 March 2024, Capricorn announced the proposal to return approximately \$50m to shareholders via a special dividend. The return was paid to shareholders on 7 June 2024. The return of cash to shareholders of 43 pence per eligible ordinary share totalled £39.3m. The total return to shareholders, after exchange differences from the date of conversion from US dollar to GBP and associated costs, was \$50.1m. Accompanying the return, the Company undertook a share consolidation which, together with the share repurchases reduced the number of ordinary shares issued to 70.6m at 31 December 2024.

7.1 Issued capital and reserves continued

a) Shares held by ESOP Trust

The cost of shares held by the ESOP Trust at 31 December 2025 was \$5.0m (2024: \$5.0m). The number of shares held by the Trust at 31 December 2025 was 1,685,416 (2024: 1,829,160) and the market value of these shares was £3.3m (\$4.4m) (2024: £5.4m (\$6.7m)). During 2025, the Group purchased 514,022 (2024: 4,339,148) shares at a cost of \$1.8m (2024: \$10.3m). In 2024, 125,743 shares were created on share consolidation.

b) Shares held by SIP Trust

The cost of shares held by the SIP Trust at 31 December 2025 was \$2.6m (2024: \$1.7m). The number of shares held by the Trust at 31 December 2025 was 207,098 (2024: 141,047) and the market value of these shares was £0.4m (\$0.5m) (2024: £0.4m (\$0.5m)). In 2025, the cost of SIP shares purchased was \$0.2m (2024: \$0.6m).

c) Foreign currency translation

Unrealised foreign exchange gains and losses arising on consolidation of non-US dollar 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 \$46.2m (2024: \$46.2m) 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, \$0.4m and \$0.3m arose on the share repurchase programme which ran from April to July 2022, May to December 2023 and from January to November 2024 respectively. \$6.1m of capital reserves relates directly to Capricorn Energy PLC, the Company.

7.2 Return of cash to shareholders

In 2024, Capricorn announced the proposed return of approximately \$50m to shareholders via a special dividend. The 2024 return of 43 pence per eligible ordinary share totalled £39.3m and was paid to shareholders on 7 June 2024. After exchange differences and associated costs, the total return was \$50.1m.

No dividends were declared or settled by the Company in 2025.

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 was subject to biannual forecast liquidity tests as part of the Senior and Junior Debt Facilities, and provided regular liquidity updates to the lenders in advance of the early repayment of the Senior facility in December 2025. The Group complied with the capital requirements of these tests at all times during the current and preceding year, other than a breach for the delayed payment of deferred consideration due on past business combinations which was settled in May 2024. 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 2025, other than the early repayment of the Senior debt facility noted above.

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

	At 31 December 2025 \$m	At 31 December 2024 \$m
Loans and borrowings	40.4	99.3
Lease liabilities	5.6	6.1
Less cash and cash equivalents	(132.7)	(123.4)
Net funds	(86.7)	(18.0)
Equity	373.3	349.3
Capital and net funds	286.6	331.3
Gearing ratio	-	-

SECTION 7 – CAPITAL STRUCTURE AND OTHER DISCLOSURES CONTINUED

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 2025:

- various guarantees for the Group's operational commitments for the current year of \$nil (2024: \$19.8m); and
- Parent company guarantees for the Group's obligations under joint operating agreements and other contracts.

Under the terms of the Junior facility entered into in connection with the Group's Egypt assets, Capricorn Egypt and the Operator, 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 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.

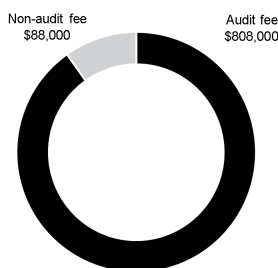
7.5 Auditors' remuneration

	Year ended 31 December 2025 \$000	Year ended 31 December 2024 \$000
Fees payable to the Group's external auditors (including associate firms) for:		
<i>Audit fees:</i>		
Auditing of the Financial Statements of the Group and the Company	595	726
Auditing of the Financial Statements of subsidiaries	213	238
	808	964
<i>Non-audit fees:</i>		
Audit-related assurance services	81	134
Other non-audit services not included above	7	6
	88	140
Total fees	896	1,104

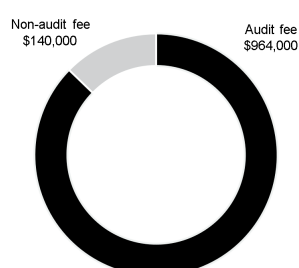
The Group has a policy in place for the award of non-audit work to the auditors which requires Audit Committee approval (see the Audit Committee Report on page 46). Non-audit fees incurred in the year were permissible services under the Financial Reporting Council Ethical Standard, including services required by law and regulations.

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

2025 Fees to the auditors



2024 Fees to the auditors



COMPANY BALANCE SHEET AS AT 31 DECEMBER 2025

	Note	2025 \$m	2024 \$m
Non-current assets			
Investments in subsidiaries	8.2	383.8	382.8
Long-term intercompany receivables	8.3	4.4	5.1
		388.2	387.9
Current assets			
Cash and cash equivalents	8.4	72.5	76.0
Other receivables	8.5	41.4	7.4
		113.9	83.4
Total assets		502.1	471.3
Current liabilities			
Bank overdraft	8.4	1.7	0.7
Lease liability		1.0	1.0
Trade and other payables	8.6	59.8	76.5
		62.5	78.2
Non-current liabilities			
Lease liability	8.7	4.4	5.1
		4.4	5.1
Total liabilities		66.9	83.3
Net assets		435.2	388.0
Equity			
Called-up share capital	7.1	7.3	7.3
Share premium	7.1	0.9	0.9
Shares held by ESOP/SIP Trusts	7.1a,b	(7.6)	(6.7)
Capital reserves	7.1d	6.1	6.1
Retained earnings:			
At 1 January		380.4	402.4
Profit for the year		47.0	43.9
Other movements in retained earnings		1.1	(65.9)
		428.5	380.4
Total equity		435.2	388.0

The Financial Statements on pages 127 to 135 were approved by the Board of Directors on 25 March 2026 and signed on its behalf by:



Randy Neely
Chief Executive

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 \$m	2024 \$m
Cash flows from operating activities:			
Profit before taxation		47.0	43.9
Share-based payments charge		0.6	0.7
Reversal of impairment of investment in subsidiary		–	(47.5)
Loan waiver		–	0.3
Finance income		(6.1)	(7.2)
Finance costs		4.6	6.6
Dividends received		(50.0)	–
Other receivables movement		(0.3)	1.0
Trade and other payables movement		0.4	0.1
Net cash used in operating activities		(3.8)	(2.1)
Cash flows from investing activities:			
Loans to group undertakings		(31.6)	–
Dividends received		50.0	–
Repayments of loans to group undertakings		–	73.2
Interest received and other finance income		3.6	4.2
Net cash flows from investing activities		22.0	77.4
Cash flows from financing activities:			
Return of cash to shareholders		–	(50.1)
Share repurchase		–	(7.3)
Other interest and charges		(0.1)	(0.2)
Cost of shares purchased	7.1 a,b	(2.0)	(10.9)
Proceeds from issue of shares		–	0.2
Lease payments		–	(0.9)
Drawdown on financing from group undertakings		–	64.5
Repayment of financing from group undertakings		(20.7)	(43.0)
Net cash flows used in financing activities		(22.8)	(47.7)
Net (decrease)/increase in cash and cash equivalents		(4.6)	27.6
Foreign exchange differences		0.1	(0.1)
Opening cash and cash equivalents at beginning of year		75.3	47.8
Closing cash and cash equivalents including bank overdraft	8.4	70.8	75.3

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	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 2024	8.4	(6.3)	5.8	402.4	410.3
Profit for the year	–	–	–	43.9	43.9
Total comprehensive income	–	–	–	43.9	43.9
Return of cash to shareholders	–	–	–	(50.1)	(50.1)
Share repurchase	(0.3)	–	0.3	(7.3)	(7.3)
Share-based payments	–	–	–	1.9	1.9
Exercise of employee share options	0.1	0.1	–	–	0.2
Cost of shares purchased	–	(10.9)	–	–	(10.9)
Cost of shares vesting	–	10.4	–	(10.4)	–
At 31 December 2024	8.2	(6.7)	6.1	380.4	388.0
Profit for the year	–	–	–	47.0	47.0
Total comprehensive income	–	–	–	47.0	47.0
Share-based payments	–	–	–	2.2	2.2
Cost of shares purchased	–	(2.0)	–	–	(2.0)
Cost of shares vesting	–	1.1	–	(1.1)	–
At 31 December 2025	8.2	(7.6)	6.1	428.5	435.2

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 on investments in subsidiaries

The Company's investment in Capricorn Oil Limited has been reviewed for indicators of 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. With the significant change in the value of oil and gas assets through the merged concession agreement reflected in the prior year carrying value of investments in subsidiaries, through a reversal of previous impairment, there is no further impairment reversal in the current year.

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 \$65/bbl escalated at 2% per annum (2024: \$65/bbl escalated), escalation for costs of 4.0% (2024: 2.0%) and a discount rate of 15% (2024: 15%). 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 2024	3,723.2	3,723.2
Additions	1.2	1.2
At 31 December 2024	3,724.4	3,724.4
Additions	1.0	1.0
At 31 December 2025	3,725.4	3,725.4
Impairment		
At 1 January 2024	3,389.1	3,389.1
Reversal of impairment	(47.5)	(47.5)
At 31 December 2024 and 2025	3,341.6	3,341.6
Net book value		
At 31 December 2023	334.1	334.1
At 31 December 2024	382.8	382.8
At 31 December 2025	383.8	383.8

Additions during the year of \$1.0m (2024: \$1.2m) 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).

The carrying value of investments in subsidiaries at 31 December 2025 and 2024 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. The investment in Cairn UK Holdings Limited was fully impaired in earlier years.

At the year end, investments in subsidiaries were reviewed for indicators of impairment and impairment tests conducted where an indicator of impairment was identified. 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 the deferred consideration payment and trade payables and receivables, other long-term receivables, market value of tangible assets held by its subsidiaries, cash and cash equivalents held and inter-company receivables and payables.

At 31 December 2024 previous impairments of the Company's investment in Capricorn Oil Limited were reversed reflecting the increased value of Egypt assets under the proposed merged concession terms that management expected a market participant would consider in determining fair value. A total impairment reversal of \$47.5m was recorded. The effective date of the merged concession agreement was 1 July 2025 and since that date the Egypt business has invested in development drilling, increasing the volumes of booked reserves, creating further headroom in the impairment test. Impairment tests conducted at 31 December 2025 did not identify any impairment. There are no reasonable changes to assumptions that would result in an impairment being recorded, therefore no sensitivity analysis has been provided.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.2 Investments in subsidiaries continued

The Company's subsidiaries during 2025 are set out below. The Company holds or held 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 ¹	Investment	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy DMCC	Management company	United Arab Emirates	United Arab Emirates	One JLT building, One Business Centre Level 5, Office 5
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 ³	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 UK Limited	Exploration	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
Capricorn Exploration and Development Company Limited ³	Exploration	Scotland	Morocco	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Low Carbon Solutions Limited ¹	Carbon trading	England	UK	Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY
Capricorn Mauritania Limited ¹	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 ³	Exploration	Scotland	Israel	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Petroleum Limited ¹	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Resources Management Limited ¹	Royalty interest	Scotland	Mongolia	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Senegal Limited	Exploration	Scotland	Senegal	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Suriname BV	Exploration	The Netherlands	Suriname	50 Lothian Road, Edinburgh, EH3 9BY

(1) Exempt from audit under Section 479a of the Companies Act.

(2) Exempt from audit under Section 480 of the Companies Act.

(3) Dissolved in 2025.

8.3 Long-term intercompany receivables

	At 31 December 2025 \$m	At 31 December 2024 \$m
Long-term intercompany receivables	4.4	5.1
	4.4	5.1

Long-term intercompany receivables include amounts due from Capricorn Energy Holdings Limited of \$4.4m (2024: \$5.1m).

8.4 Cash and cash equivalents

	At 31 December 2025 \$m	At 31 December 2024 \$m
Cash at bank	1.7	3.3
Money market funds	70.8	72.7
Cash and cash equivalents	72.5	76.0
Bank overdraft	(1.7)	(0.7)
Net cash balance for cash flow purposes	70.8	75.3

At 31 December 2025, \$1.7m (2024: \$3.2m) of cash and cash equivalents held by the ESOP Trusts 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 2025 \$m	At 31 December 2024 \$m
Other receivables	0.3	0.3
Amounts receivable from subsidiary undertakings	41.1	7.1
	41.4	7.4

In 2025, the Company advanced \$31.6m to its direct subsidiary, Capricorn Oil Limited. Intercompany receivables are interest-bearing and unsecured and repayable on demand.

8.6 Trade and other payables

	At 31 December 2025 \$m	At 31 December 2024 \$m
Trade and other payables	–	0.1
Amounts payable to subsidiary undertakings	59.0	75.4
Accruals	0.8	1.0
	59.8	76.5

In January 2025, the Company repaid a \$20.7m intercompany loan to its subsidiary, Capricorn Oil Limited.

The amounts payable to subsidiary undertakings are interest-bearing and unsecured and repayable on demand and will be settled in cash. No guarantees have been given.

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

	At 31 December 2025 \$m	At 31 December 2024 \$m
Carrying amount and fair value		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	72.5	76.0
Other receivables – amounts receivable from subsidiary undertakings	41.1	7.1
Other receivables	0.3	0.3
Long-term intercompany receivables	4.4	5.1
	118.3	88.5

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 2025 is as follows:

	< 1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	72.5	–	–	–
Other receivables – amounts receivable from subsidiary undertakings	41.1	–	–	–
Other receivables	0.3	–	–	–
Long-term intercompany receivables	–	1.0	2.6	0.8
	113.9	1.0	2.6	0.8

The expected financial maturity of the Company's financial assets at 31 December 2024 was as follows:

	< 1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	76.0	–	–	–
Other receivables – amounts receivable from subsidiary undertakings	7.1	–	–	–
Other receivables – other	0.3	–	–	–
Long-term intercompany receivables	–	1.0	2.7	1.4
	83.4	1.0	2.7	1.4

Financial liabilities

	At 31 December 2025 \$m	At 31 December 2024 \$m
Carrying amount and fair value		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	–	0.1
Bank overdraft	1.7	0.7
Amounts payable to subsidiary undertakings	59.0	75.4
Accruals	0.8	0.9
Lease liability	5.4	6.1
	66.9	83.2

Maturity analysis of financial liabilities

The expected financial maturity of the Company's financial liabilities at 31 December 2025 is as follows:

	< 1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
<i>Financial liabilities at amortised cost</i>				
Bank overdraft	1.7	–	–	–
Amounts payable to subsidiary undertakings	59.0	–	–	–
Accruals	0.7	–	–	–
Lease liability	1.0	1.0	2.6	0.8
	62.4	1.0	2.6	0.8

The expected financial maturity of the Company's financial liabilities at 31 December 2024 was as follows:

	< 1 year \$m	1-2 years \$m	2-5 years \$m	>5 years \$m
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	0.1	–	–	–
Bank overdraft	0.7	–	–	–
Amounts payable to subsidiary undertakings	75.4	–	–	–
Accruals	0.9	–	–	–
Lease liability	1.0	1.0	2.7	1.4
	78.1	1.0	2.7	1.4

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 3.9.

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

8.8 Capital management

Capital and net funds were made up as follows:

	At 31 December 2025 \$m	At 31 December 2024 \$m
Continuing operations		
Amounts payable to subsidiary undertakings	59.0	75.4
Lease liability	5.4	6.1
Less cash and cash equivalents	(70.8)	(75.3)
Net (funds)/debt	(6.4)	6.2
Equity	435.2	388.0
Capital and net funds	428.8	394.2
Gearing ratio	–	1.6%

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 2025 \$m	At 31 December 2024 \$m
Amounts payable to subsidiary undertakings	(59.0)	(75.4)
Amounts receivable from subsidiary undertakings	45.5	12.2
	(13.5)	(63.2)

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 for the year:

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Amounts invoiced to subsidiaries	0.6	2.6
Amounts invoiced by subsidiaries	0.8	0.2

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 55 to 79.

	Year ended 31 December 2025 \$m	Year ended 31 December 2024 \$m
Emoluments	2.2	1.9
	2.2	1.9

No pension contributions were made on behalf of the Directors in 2025 or 2024.

No LTIP share awards to Directors vested during 2025 or 2024. Share-based payments disclosed above represent the market value at the vesting date of these awards in that year.

Other transactions

During the year, the Company did not make any purchases in the ordinary course of business from an entity under common control (2024: \$nil).

In January 2025, the Company received a dividend payment of \$50.0m from its subsidiary, Capricorn Senegal (Holding) Limited, following receipt of the Senegal contingent consideration payment, see note 6.1.