CEO'S REVIEW

Focused and built for sustainable cash flows

2025 has been a year of significant operational, strategic and financial progress for Capricorn. I am immensely proud of what the team has achieved and grateful for the continued support of our shareholders and stakeholders. Capricorn is well-positioned for value creation in 2026, with a strong balance sheet, high-quality assets and multiple near-term catalysts to deliver growth and shareholder returns.

Delivering strong operational performance

Our operations in Egypt have delivered improved performance across the board – full year WI Egypt oil and gas production was 20,024 boepd, comprising 40% liquids, generating revenues of $134m at an average realised oil price of $68.4 per boe and a fixed gas price of $3.1 per mscf. Total production costs were $39m ($5.4 per boe) and net cash generated from Egypt oil and gas production was $170m. Our operating cash flow reached $150m, reflecting our commitment to financial discipline and efficient capital allocation.

Eighteen development wells were successfully drilled in 2025, contributing to a stable and predictable production profile. Production performance was particularly strong in the second half of the year, driven by a focused programme of liquids-rich development drilling and a successful waterflood programme in the Badr El Din (BED) field area. Notably, gas performance in Q4 2025 was enhanced by the drilling of BED15-31 which produced strongly from the Lower Bahariya formation and provided the potential for prioritisation of follow-up wells in early 2026.

Work programme costs across the existing development concessions in the first half of 2025 were below budget due to schedule changes and cost savings. We correspondingly reduced our total net capital expenditure forecast, and development and production capex at year end was $77m, within our $75-85m guidance range.

By Q4 2025, all exploration commitments on Capricorn's legacy acreage were met. Exploration drilling in 2025 produced encouraging results in the North Um Baraka (NUMB) and South East Horus (SEH) licences where Capricorn is working with the Operator to evaluate future activity. In NUMB, together with our joint venture partner Cheiron, we are progressing a development lease application following the drilling of NUMB-6. This well is scheduled to be brought online in 2026, with follow-up drilling anticipated from 2027. In SEH, the SEH-6X well established the extension of an active petroleum system which justified progressing to the next exploration phase. On West El Fayoum the joint venture is relinquishing the concession following 2025 drilling results.

Transformational consolidation of Egypt concession agreements

In May, we received EGPC Board approval to consolidate eight of our existing Egyptian concession agreements into a single, merged concession agreement, simplifying our operating framework and unlocking significant fiscal and operational benefits. In return for a modernisation payment paid in instalments, improved commercial terms in the new concession agreement will support material investment which should unlock significant contingent resources, as well as increase future production and substantially increase reserves through economic extensions and investment.

The new agreement, anticipated to receive parliamentary ratification in H1 2026, positions us to extract greater value from our assets while aligning with Egypt's wider energy goals. We have secured access to four additional blocks in the BED 17 development area and two open exploration areas adjacent to our existing acreage. These additions may contribute approximately 20 mmboe of WI 2P reserves in 2026 alone, significantly enhancing our resource base and future development potential. The new fiscal terms drive free cash flow across all reasonable commodity prices – at $80 per bbl netback improves from $18 to $23 per boe – which could generate improved returns.

Furthermore, the agreement includes a 60% increase in gas pricing for incremental volumes from both existing fields and new discoveries. This pricing uplift materially improves our gas economics.

Strengthened balance sheet and financial discipline

Our financial strategy remains grounded in discipline and efficient capital allocation. Despite a volatile macroeconomic environment and fluctuating commodity prices, we have maintained a robust balance sheet even at lower oil prices. In 2025, the Company received $217m from Egypt, reducing the Company's accounts receivable to $86m – the lowest position since 2022. These material payments against arrears support liquidity and enabled our continued investment in the Egyptian asset base without reliance on external capital.

Overall year end Group net cash was $103m, comprising $133m cash and $103m debt. The Company elected to settle its entire outstanding Senior Debt Facility with a voluntary payment of $18m in December 2025. Additionally, the Junior Debt Facility amortised by $10m in Q1 2026, with Capricorn making the scheduled repayment in late December 2025. This leaves an outstanding debt balance of $30m at 31 December 2025, comprising the Balance Sheet financial liability, less this early settlement. The remaining balance is currently scheduled to amortise over the next three years, subject to potential events of default, however, forecast collections in 2026 could provide an opportunity for early repayment.

EGPC's commitment to reduce outstanding receivables for companies investing in the country's oil and gas sector by 30 June 2026 is a positive signal for the industry, and we are encouraged by the proactive steps being taken to improve the investment climate in Egypt. We will continue to engage constructively with EGPC; these payments are critical to maintaining liquidity and enabling reinvestment in the asset base.

2026 Outlook and beyond
A key priority for 2026 will be incorporating the merged concession agreement into a work programme, unlocking additional investment flexibility that allows us to accelerate development activities across our asset base. With a streamlined concession structure and improved fiscal terms, we will be able to deploy resources to pursue value-accretive projects with greater agility.

We continue to assess geopolitical developments and their potential impact on energy markets as part of our risk management. Recent international events are being monitored carefully, and the Company is prepared to adjust operations if deemed necessary.

Capex guidance for the year has been set at $85-95m and the Company will continue to actively manage investment in Egypt against collections, exclusive of any outstanding exploration commitments. Our capital allocation framework for 2026 will continue to balance reinvestment in high-return opportunities against shareholder returns, and the anticipated receipt of regular EGPC payments will further underpin our ability to pursue strategic growth.

The Company's progress in 2025, most notably with the merged concession agreement in Egypt, has provided the Capricorn with a robust platform to deliver on its ambitions for scalable growth and building a cash-generative long-term business.

Our strategic priorities remain clear – maximising value from our Egyptian assets through disciplined investment, maintaining a strong balance sheet while prioritising shareholder value and exploring value-accretive opportunities, primarily in Egypt, with a secondary focus on the UK North Sea and the broader MENA region.

Randy Neely
CEO

25 March 2026

"Capricorn is well-positioned for value creation in 2026, with a strong balance sheet, high-quality assets and multiple near-term catalysts to deliver growth and shareholder returns."