

Half-Year Results Presentation

14 September 2023

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Unless otherwise stated, all dollar amounts (\$) refer to US dollars.

Agenda

Capital Return

Craig van der Laan – Chair

Introduction & Strategic Review Update

Randy Neely – CEO

H1 2023 Update and 2023 Guidance

Nathan Piper – Commercial Director

Matthew Bowyer – Technical Director

Summary

Randy Neely – CEO

Delivery on return of capital commitment

- Special dividend of ~\$100m announced today
 - Expected to be returned to shareholders on 20 October 2023
 - Company will seek to consolidate its share capital concurrent with the return
 - Circular, seeking shareholder approval, for the special dividend and share consolidation to be posted shortly
 - General meeting on 5 October with shares trading ex-dividend on 6 October
 - Remaining share buyback programme of ~\$10m to be completed by YE 23

Targeting ~\$575m in shareholder returns

~\$450m special dividend paid in May 2023

~\$100m special dividend to be paid in October 2023

Share buyback programme of ~\$25m to be completed by year end with ~\$15m already repurchased



Capricorn

Introduction

Randy Neely

CEO

Strategy conclusion: Business reset

Strategy

- Right-size organisation and cost base
- Apply technical skills to production and development
- Maximise value in Egypt

Delivering the new organisation

- Comprehensive change in culture
- Deepen partner and Government relationships
- Preserve optionality and realise potential

Delivery of an Egypt-focused, agile energy company

Maximising Potential of Egyptian Assets

- Developing long-term plan to grow value
- More at detailed Operational Update 30 November 2023 in London
- Improved PSC terms to incentivise investment

Significant Cost Reduction

- Material G&A reduction: matching organisation to priorities and scale
- Target G&A of below \$1.50 boe or \$20m in FY 24
- No International E&P spend

Driving Culture Change

- Focusing on shareholder value
- Cost consciousness and transparency
- Collaboration

Initial impressions

What I found

- Highly skilled professional staff
- Motivated and experienced Board
- Strong balance sheet (inclusive of intended shareholder distribution)
- Misaligned priorities
 - Focus on exploration portfolio with misdirected strategy
 - Lack of attention/skills focused on existing production, development reserves
- Big company culture
- Poor understanding of asset base
- Egypt undergoing another period of fiscal challenges

Future direction

Where we are going

- Instil a culture of profitability and scarcity
- Management compensation tied to share price
- Egypt business must provide a return to our shareholders
 - Egypt asset must be self-funded with no support from PLC for Capex, receivables funding or RBL repayments
- Improve cooperation and collaboration with our partner (Cheiron) and with EGPC to:
 - Achieve an amended and extended PSC portfolio
 - Accelerate realisation of PSC revenues, i.e. A/R collections
- Remain committed to Net Zero targets
 - MSCI sustainability rating upgraded from AA to AAA
 - CDP score upgraded B- to B
- Return excess capital to shareholders (including proceeds from Senegal first oil)

Transforming the business and investment thesis

Stronger Cash Flow

- Firmly establish Egypt as a business that provides strong returns to shareholders
 - Cash realisations from operations must exceed capital investment

Optimisation of Capex and Capital Efficiency

- Investments prioritised based on returns
- Work collaboratively with our Partner in achieving:
 - Optimisation of project execution
 - Drilling location selection improvements
 - Introduction and implementation of practices and technology to improve development and exploitation of production base

Enhance Portfolio Value

- Improve our industry position and investment appeal
- Negotiate amended and improved concession terms
 - Combination of profit oil, cost recovery, gas price, licence extension
 - Create win-win for Capricorn, JV partner and Egypt
- Unlock potential in contingent resources

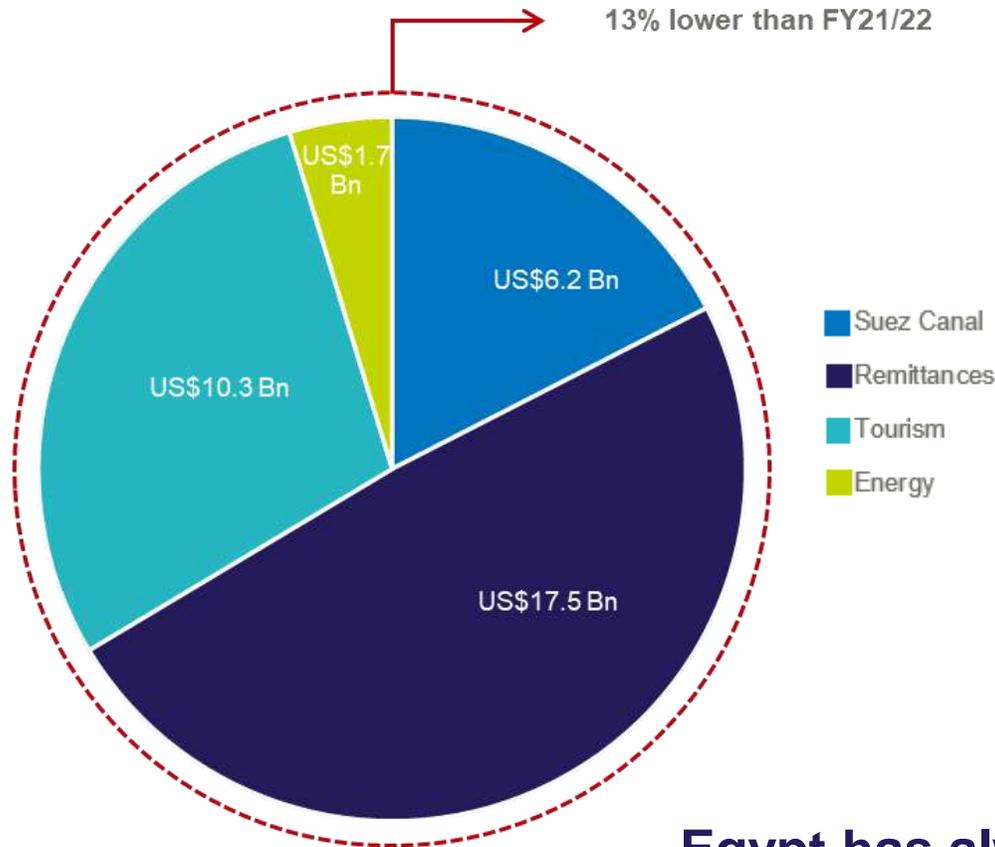
Immediate Egypt Priorities

- Receivables collections a clear priority for management
- Collaborate with our partner to be aligned on scale and speed of capital investment
- Shift internal focus from exploration to production optimisation
 - Accelerate the turnover of exploration responsibilities over to our partner
 - Re-staff the Company with the appropriate skillsets to provide value add technical oversight and advice to the partnership
 - Where deemed critical, implement temporary measures to bridge skill gaps
- Work with partner to identify opportunities for improvement in drilling, development and exploitation of existing production base
- Align with our partner to present a cohesive and achievable proposal(s) to EGPC to improve the terms (and pricing) of our jointly owned PSCs to create a win-win for the joint venture and Egypt



Building a business in Egypt

Egypt Receipts – \$36 bn in FY22/23



Source: Egypt Central Bank

- Increasing domestic energy demand with a growing population of >110m people
- 100 year + industry history, proven basins with established infrastructure
- Government open to constructive relationship with the O&G industry
- Long-term relationships valued
- In a show of confidence, largest energy companies have publicly stated investment intentions over the next 1- 4 years
- Current macro-economic factors impacting pace of payments
- Foreign exchange challenges / Risk of EGP devaluation

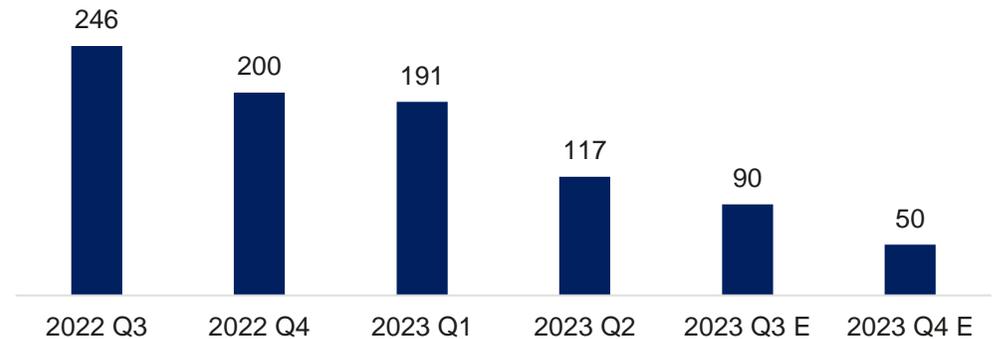
Egypt has always honoured payment obligations

Cost Reductions

- Targeting to have one quarter of the workforce by YE 2023 versus 2022
 - ~80% reduction in UK headcount by year end
 - Transformed structure and reduced senior positions
 - Smaller Board (7 now versus 9 in 2022)

- Current year G&A will be impacted by significant one-off transitional costs (e.g. redundancy)

Group Headcount by Quarter



- HQ office footprint reduced to one eighth
- Vacating high profile London office space for serviced office by year-end
- Exiting legacy contractual licensing, service and lease arrangements as quickly as possible
- Material reduction from 2022 \$70m following one-off costs in 2023, to 2024 G&A c.\$2/boe ~\$20m with target G&A costs of \$1.50/boe (<\$20m) as legacy contracts roll off

Non-core update

International Exploration

- Mauritania: Exited
- Suriname: Moving towards relinquishment in Q4 2023
- Mexico: Exiting – target Q4 2023
- UK Exploration: Exiting – Q4 2023

Contingent payments

- Senegal: Startup of production delayed to mid-2024. Contingent payment of up to \$50m dependent on first oil before 30 June 2024. Any payment to be returned to shareholders
- UK North Sea: Next payment due Q1 2024



Finance

Nathan Piper
Commercial Director

H1 2023 Financial Performance

Production

- Production: ~31,500 boepd average WI production, 44% liquids

Revenue

- Revenues from Egypt production: \$100m
 - Oil price: \$78.56/boe
 - Gas price: \$2.95/mscf

Gross Profit from Egypt Operations
\$71m*

Opex

- Opex: \$4.82/boe on a WI basis

Shareholder cash return and share re-purchases
\$458m

Capex

- D&P Capex of \$42m
- Egypt exploration capex of \$7m¹
- Other non-Egypt exploration capex of \$27m¹

Financial Flexibility to meet further returns
\$175m Net cash

Cash Flow

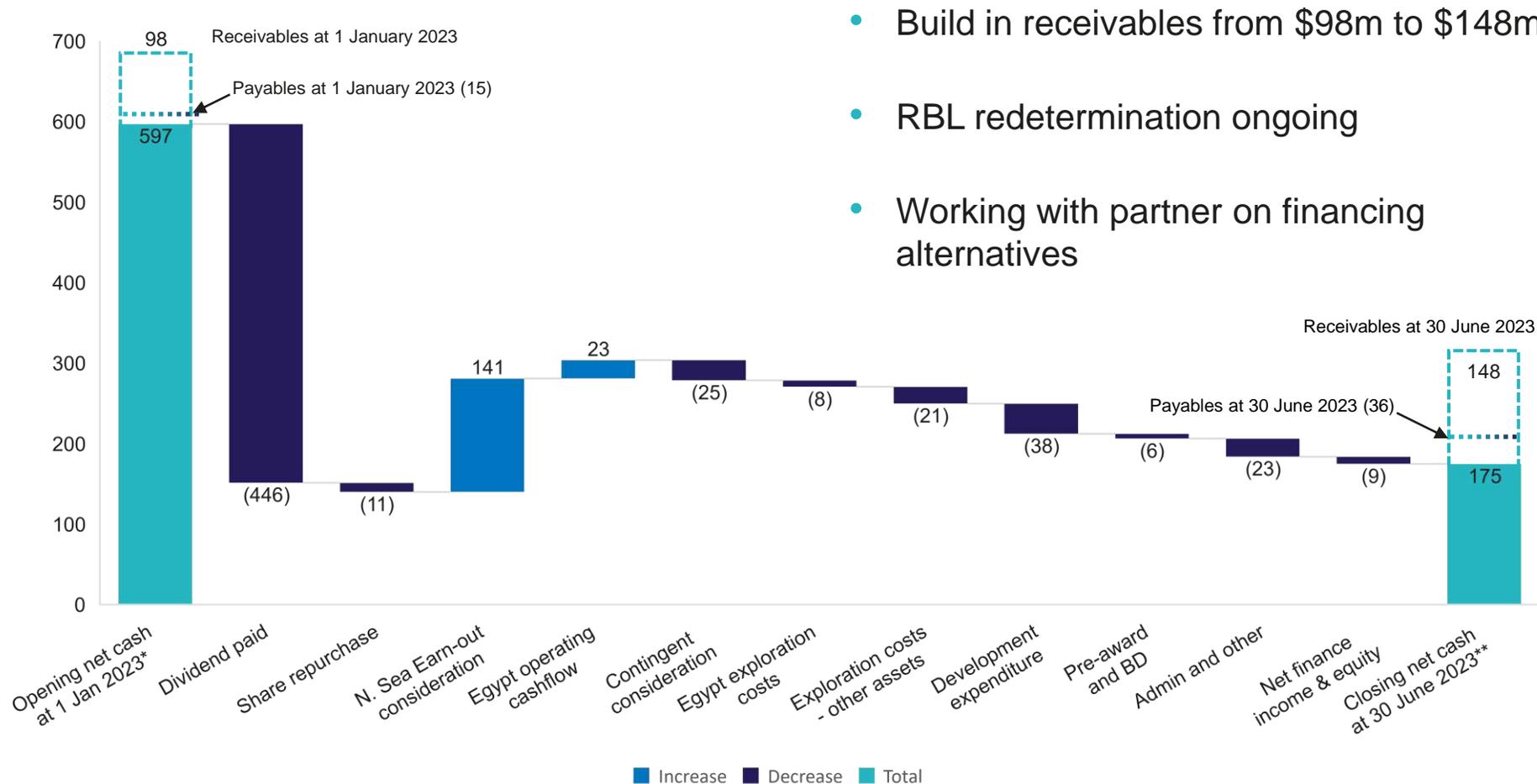
- Egypt gross profit²: \$71m
- Egypt operating cash inflow: \$23m
- EGPC receivables position of \$148m³ at 30 June 2023 of which \$113m due for payment

¹ Includes general exploration costs expensed in period; Egypt \$4m, other \$11m

² Before tax gross-up and depletion

³ Excluding expected credit loss provision

H1 2023 Cashflows



- Build in receivables from \$98m to \$148m
- RBL redetermination ongoing
- Working with partner on financing alternatives

* Opening cash at 1 January 2023 of \$757m before Egypt debt drawn of \$160m

** Closing cash at 30 June 2023 of \$301m before Egypt debt drawn of \$126m

*** Share buyback at 31 August of \$15m

Guidance update – Significant cost reductions

Minimising exploration spend in 2023 and no International exploration spend in 2024 and beyond

		2023 Original Guidance	H1 Actual	2023 Guidance Update
Production	Overall*	32 - 36 kboepd	31.5 kboepd	~32 kboepd
	Oil*		~13.9 kbopd	~14.5 kbopd
	Gas**		~99 mmcfd	~99 mmcfd
Operating Costs		\$5 - \$7/boe	\$4.82/boe	\$5 - \$6/boe
Total Capex		\$155 - \$175m	\$73m	\$117 - \$127m
Development and Production		\$100 - \$120m	\$34m	\$75 - \$85m
Egypt Exploration		\$25m	\$12m	\$12m
International Exploration		\$30m	\$27m	<\$30m

* Working interest reflects Capricorn's equity interest in the licences before reduction of production share owed to the Egyptian Government

** Sales gas is ~90% of WI volume; 5.6 per boepd conversion factor



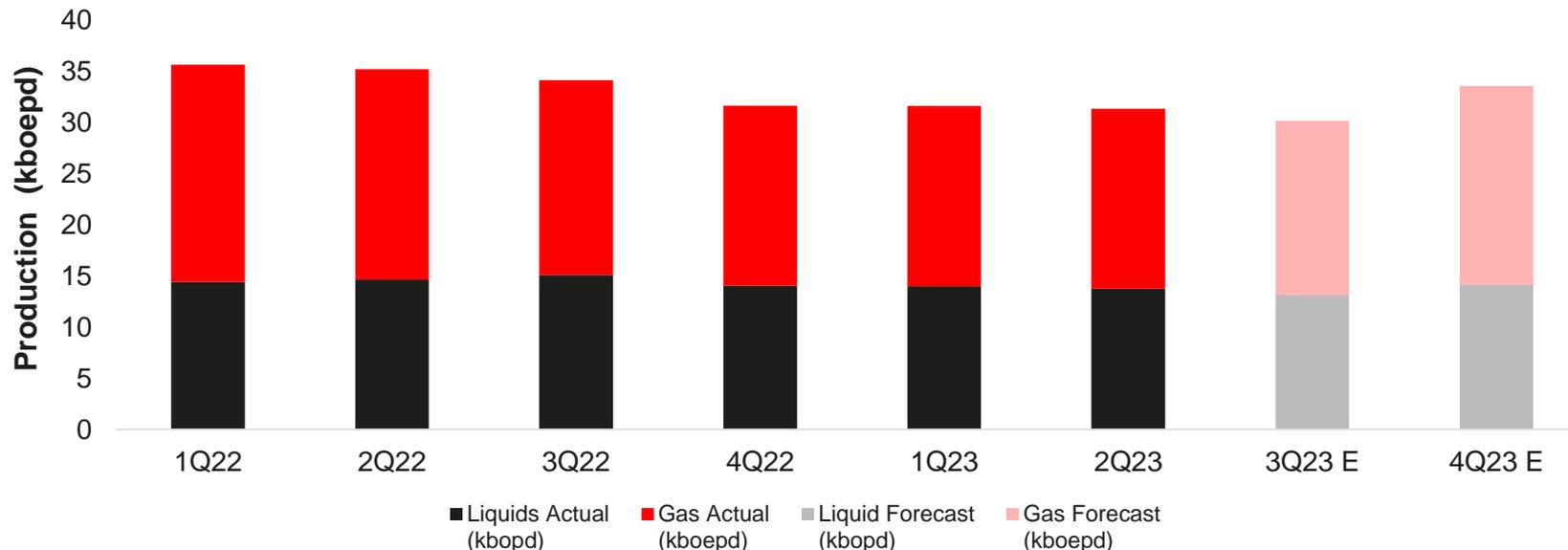
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Production update

Matthew Bowyer
Technical Director

Egypt 2023 Production Forecast

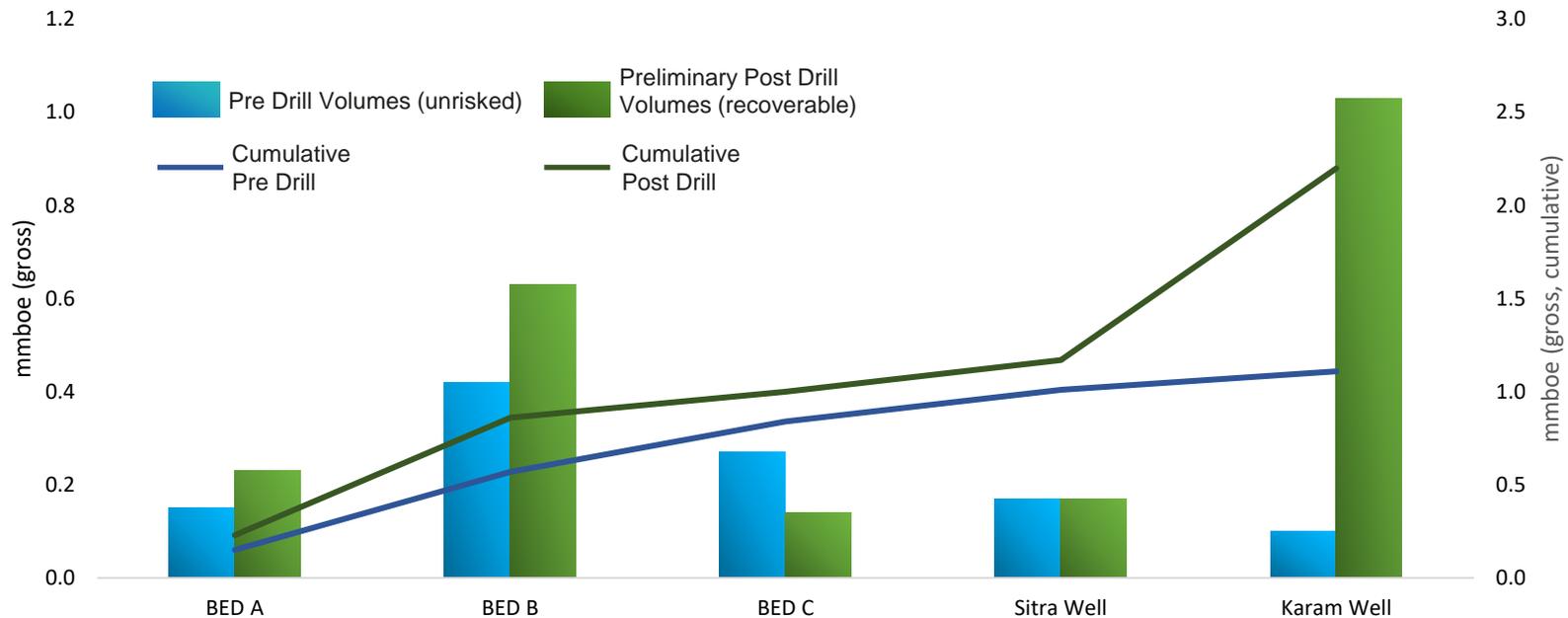
2022/23 Actuals and 2H23 Production Forecast (NWI)



2022/23 Actuals and H2 23 Production Forecast

- Production growth slower than anticipated due to delays in new well delivery and some operational challenges
- 17 wells drilled during 1H; 40 wells expected by year-end
- 5 Near-Field Exploration wells drilled and on production in 2023
- Gas production boost anticipated in H2 from BED compression and TEEN projects

2023 Near Field Extension – Immediate Production Additions



- Seven well NFE campaign has delivered five discoveries; reserve additions will be quantified at year end
- These wells combined are currently producing ~4,500boepd, with a cumulative production of 0.7mmboe
- Positive results have unlocked a number of follow-on wells
- Stacked reservoirs with uncertainty in reservoir distribution and fluid contacts creates opportunities



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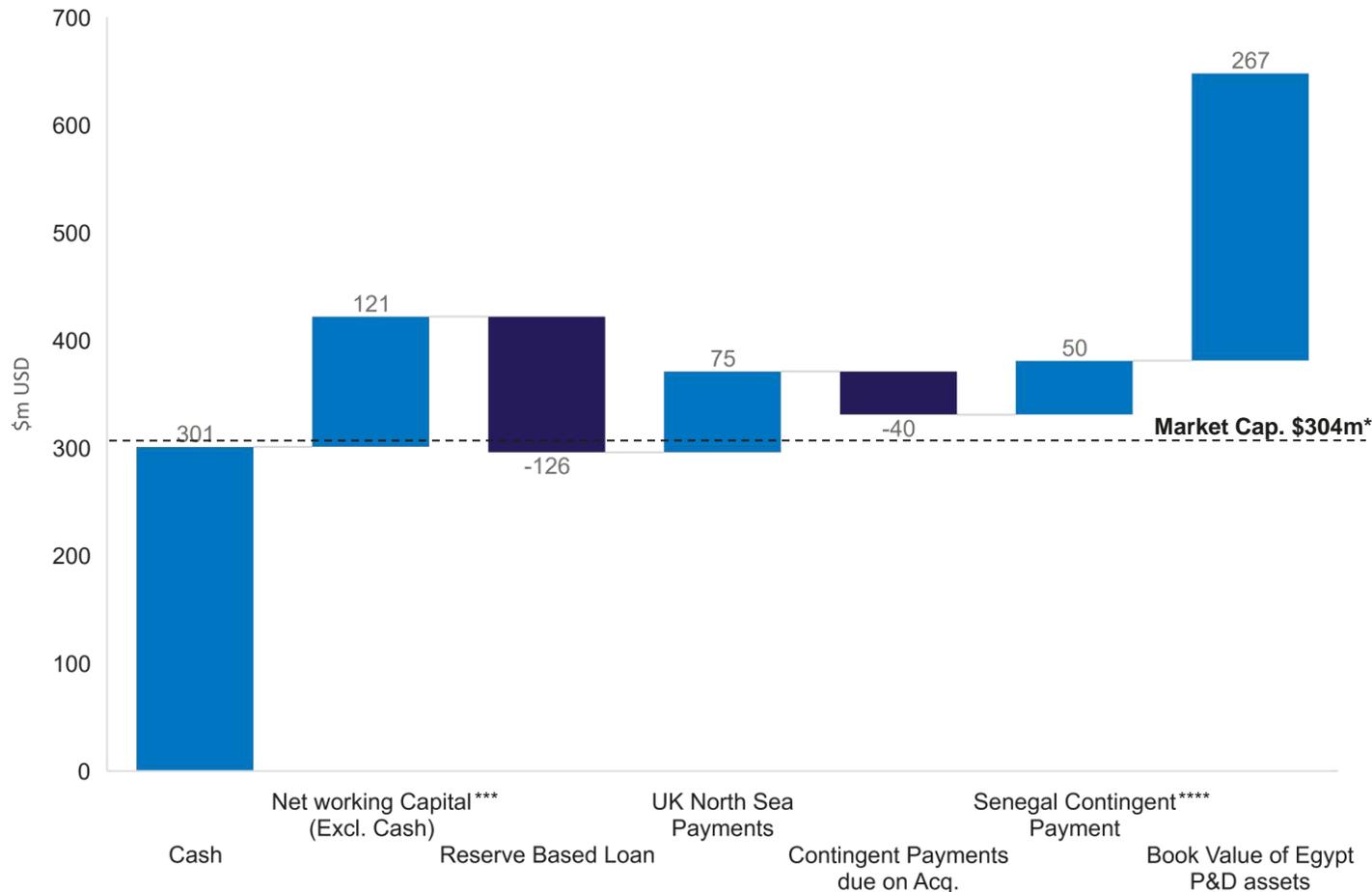
Summary

Randy Neely

CEO

Market price implies no value for Egypt Production business

Implied Value of Egypt Assets in Current Stock Price**



- Current market capitalisation of Capricorn implies the market is valuing the production base of Egypt at less than zero
- Egypt has never defaulted on oil and gas A/R. They may pay late, but they have always paid
- Management will be working to close the gap between what was paid and what our current shareholders value Egypt
- Egypt Acquisition Cost: \$323m initial consideration plus \$46m in contingent payments to date*****

*As at 4 Sept 2023

**Financial information based on H1/23 Results where applicable

*** Includes receivables, payables and inventory

**** Dependent upon receipt of \$50m Senegal contingent payment if first oil is achieved H1 2024

***** Economic effective date of the acquisition is 1 January 2020 as per announcement on 9 March 2021

Conclusion

Strategy

- Right-size organisation and cost base
- Apply technical skills to production and development
- Maximise value in Egypt

Shareholder returns

- H1 ~\$450m returned to shareholders
- Further ~\$100m to be returned in October
- Ongoing ~\$25m share buyback
- Expecting return of ~\$575m in 2023

Delivering the new organisation

- Comprehensive change in culture
- Deepen partner and Government relationships
- Preserve optionality and realise potential



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www.capricornenergy.com



Appendix

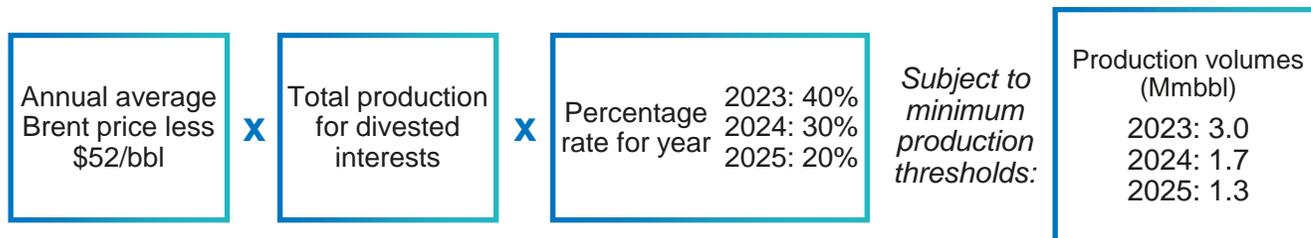


Contingent Consideration

Receivable

UK North Sea

- Waldorf to pay Capricorn in respect of Catcher and Kraken:



- \$128m received in respect of 2022 based on \$98.7/bbl average Brent and 5.5 Mmbbl production

Senegal

- Woodside to pay Capricorn up to \$50m six months after first oil from Sangomar, if first oil achieved in H1 2024

Average Brent price in 6 months following first oil	First oil date in H1 2024	
	\$55-60/bbl	
>\$60bbl		\$50m

Payable

Egypt

Oil price

- Capricorn to pay Shell up to \$25m per year for 2021-24 in respect of the Egypt acquisition
- Calculated on a straight line basis from \$0m if average Brent is at or below \$55/bbl to \$25m if Brent is at or above \$75/bbl
 - Payment of \$25m made in January 2023 in respect of 2022

Exploration

- Capricorn to pay Shell up to \$40m in the event of exploration success
- \$0.2 per barrel of developable 2P reserves discovered on the first nine exploration wells, if drilled

Net Zero Commitment in action



Ongoing ESG commitment

- MSCI upgrade to AAA status
- CDP upgrade to B from B-

- Fugitive emissions reduction
- Phase 1 complete – 50% addressed

- CCUS Phase 1 & 2 complete
- Phase 3 commencing - site facility feasibility
- Carbon offset portfolio
- Neutralise hard-to-abate emissions

- Diesel generator rationalisation and gas across sites
- Flare gas recovery and utilisation at BED3 and AESW

