



Annual Report and Accounts 2024

Capricorn Energy PLC

At a glance

Capricorn is a cash flow-focused energy producer, with a portfolio of onshore development and production assets in the Egyptian Western Desert. Our objective is to create value for our stakeholders through the development and production of oil and gas and ultimately, the delivery of consistent shareholder returns.

Our strategy

Capricorn’s strategy is focused on developing the scale and longevity of the business to maintain strong cash flows and deliver consistent shareholder returns.

2024 Highlights

Net working interest (WI) oil and gas production averaged

23,763
boepd

Year-end net Group cash

\$23m

Cash and cash equivalents of \$123m less debt drawn of \$100m

Egypt oil and gas sales revenue

\$147m

Shareholder returns

\$57m

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CHAIR'S STATEMENT

I am honoured to present my first annual report as Chair of Capricorn Energy, having been appointed at the 2024 AGM in May following the departure of Craig van der Laan. I would like to thank Craig for his dedication to transforming the business; he brought invaluable insight and expertise to the role and it was a pleasure to serve on his Board. I would also like to thank Hesham Mekawi following his resignation from the Board in June; his deep experience in the industry and region was vital to Capricorn during its transition period. Finally, we welcomed Sachin Mistry as a Non-Executive Director at the May AGM as a representative of one of Capricorn's largest investors, Palliser Capital.

Consistent delivery and clear strategic direction

Today's Capricorn is a fundamentally different company to that of two years ago. This is undoubtedly due to the team's efforts in delivering the strategic priorities communicated by the Company over the past two years. Capricorn's culture reset was led with a focus on capital returns, resulting in more than \$600m returned to shareholders over the period.

We exited almost all non-core activities in 2024, resulting in minimal spend outside Egypt in the year, and we are on target to achieve an approximate 80% reduction in general and administrative (G&A) costs from 2022 to 2025. We are now in a position to draw a line in the sand and focus on unlocking the highest possible value from our assets in Egypt. Capricorn has a clear strategy and direction for the new business, demonstrated by improved operational and market performance, reflecting our commitment to our shareholders and to Egypt.

Capital discipline and financial stability

Continued capital discipline and cost control now form the foundation of our Company culture and we have made substantial progress in strengthening our balance sheet, providing greater stability for the business. This financial strength underpins our ability to unlock the clear value opportunities in the Company and pursue strategic goals to deliver long-term value to our shareholders.

In H1 2024, the stabilisation of the Egyptian economy improved the regularity of payments on our outstanding receivables position, supporting our strategy to develop a self-sufficient business in Egypt that only invests what it will return. We will continue to monitor future capital expenditure commitments against collection of receivables. Since my appointment, management has dedicated a significant amount of time to improving our knowledge of the producing assets, as well as the working relationships with our partner, Cheiron, and the Egyptian Government and we are already benefiting from improved predictability of operating results.

In the year to 31 December 2024, Capricorn has collected \$135m in receivables, providing us with greater confidence that we will continue to receive payments at regular intervals.

Maximising asset potential through strengthened relationships

Our strategic focus remains on maximising the potential of our assets and deepening our relationships with our partners in Egypt. Through production optimisation and improved concession agreement terms, we aim to enhance the value of our operations.

We also resumed development activity in the region following constructive discussions with the Egyptian General Petroleum Corporation (EGPC) on payments.

CEO Randy Neely, together with Eddie Ok, CFO and Geoff Probert, COO, have brought extensive experience of operating in Egypt, demonstrated by their achievements at TransGlobe Energy, and we are confident in our ability to achieve a successful outcome to our concession agreement negotiations to better reflect current market conditions. We believe this collaborative approach will help increase production and tax receipts for the country and enhance our ability to deliver sustainable value to our shareholders.

Outside Egypt, our objective is to diversify and expand operations while continuing to evaluate M&A prospects in the UK North Sea and MENA region, and exploring new opportunities to enhance shareholder value through strategic investments and partnerships.

Looking ahead

As we move forward, Capricorn remains dedicated to maximising value and to delivering sustainable growth for our shareholders. With a clear strategy spearheaded by improved concession agreement terms, disciplined fiscal approach and strong relationships, alongside a commitment to responsible business practices, we are ensuring that Capricorn is the partner of choice for all stakeholders and is well-positioned for continued success.

Maria Gordon
Chair

27 March 2025

“Capricorn remains dedicated to maximising value and to delivering sustainable growth for our shareholders.”

CEO'S REVIEW

Building momentum as we unlock value

2024 was a pivotal year for Capricorn during which we continued to improve the operational performance of the Egyptian business and continued our culture of financial discipline, which helped the Company achieve the upper end of production guidance. Following the strategic reset of the business in 2023 to become the cash flow-focused energy producer that we are today, we have made significant progress on delivering our business plan to unlock further value from our assets.

Key highlights

Highlights for the year include a more favourable fiscal environment in Egypt and improved operational alignment with our JV partner, prompting us to resume investment in May 2024 with a full year total net capital expenditure of \$63m. This included various infrastructure projects and the drilling of 11 development and two committed exploration wells, fulfilling our outstanding work commitments across our three licences.

Full year WI Egypt oil and gas production was 23,763 boepd, comprising 44% liquids, generating revenues of \$147m at an average realised oil price of \$79.3/boe and a fixed gas price of \$2.9/mscf. Our total production costs were \$42m (\$4.8/boe). Net cash generated from Egypt oil and gas production was \$106m, with overall Group net cash of \$23m, comprising \$123m cash and \$100m debt.

Our stronger balance sheet allowed us to continue to deliver on our commitment to shareholder returns with around \$57m returned in 2024. This was a combination of a \$50m special dividend paid in the first half of the year and the resumption in June 2024 of the \$25m share buyback programme initially announced in May 2023, which completed in November 2024. This takes the total capital returned to shareholders to approximately \$620m since Q1 2023 and returning excess capital to shareholders remains a core focus going forward.

In December 2024, the Company was notified by Woodside Energy ("Woodside") that all terms and conditions had been satisfied under the sale and purchase agreement relating to the disposal of our production sharing contract (PSC) interests in Senegal, following which a receipt of \$50m was collected in January 2025.

We withdrew from our last remaining non-core interest in Mexico at the end of Q2 2024. We also continued our efforts to refine our overheads and are on track to achieve our target of approximately 80% reduction in G&A costs from 2022 to 2025.

Cash flow focus

At the beginning of the year the leadership team was strengthened with Eddie Ok joining as CFO, and Geoff Probert as COO, adding significant financial and operational expertise, particularly in Egypt. Their addition perfectly complements the capabilities and dynamism of Capricorn's existing team of experts who have been undertaking day-to-day responsibilities and dealing with legacy issues, as well as actively exploring business development and M&A opportunities.

Over the year the team has been working hard to improve our knowledge of and optimise our producing assets in Egypt with the goal of establishing a more predictable operations base. Working with our operating partner Cheiron, we prioritised liquids-focused operations in the Badr El Din (BED) area and renewed our efforts to actively manage those reservoirs with water injection to improve profitability. This has increased our understanding of the portfolio and led to better forecasting of both operating results and cash collections, with cash receipts totalling \$135m during the year.

Key to delivering our goal of improved cash flows in Egypt is strengthened alignment with EGPC through the negotiation of improvements to our concession agreements, incentivising the partnership to invest and grow reserves and production in Egypt, satisfying domestic oil and gas demand and reducing the country's reliance on imports. The Government recognises the industry's need to encourage more investment and Egypt's Minister of Petroleum and Mineral Resources has outlined his intent to improve the investment environment to boost oil and gas production in country.

In Q3 2024, together with our operating partner Cheiron, Capricorn proposed an amendment to consolidate the eight jointly owned existing Egyptian development concession agreements into a single, integrated concession agreement. EGPC formally convened an investment committee in September 2024 to assess the proposal, with the process expected to complete in 2025. The process is well established in Egypt, as Eddie, Geoff and I successfully initiated it while at TransGlobe Energy, so we have a track record of securing improved fiscal terms, acting as a stimulus to production and generating investment.

M&A

Outside of Egypt, our priority is to develop the scale and longevity of the business to increase cash flows and deliver consistent shareholder returns. Our objective is to diversify and expand operations by leveraging our core corporate capabilities to identify, acquire and exploit the right assets in the right locations. We are currently evaluating M&A opportunities in the UK North Sea and in the MENA region against a strict set of strategic, financial and returns criteria, and look forward to updating the market on our efforts when appropriate.

“Following the strategic reset of the business in 2023 to become the cash flow-focused energy producer that we are today, we have made significant progress on delivering our business plan to unlock further value from our assets.”

CEO'S REVIEW CONTINUED

2025 Outlook

Following a transformational two years, Capricorn now has the operational and capital discipline, conservative balance sheet, assets, expertise and Egypt's improved fiscal environment to realise the embedded value within the Company.

Most importantly, a key milestone in unlocking further value in our asset base will be achieved through the amendment to the terms of our concession agreements to support increased investment and strengthened returns, and we expect this process to complete in H1 2025. It is clear that EGPC and the Ministry are as motivated as we are to create the right investment environment to incentivise the industry to go after additional production and reserves. Our self-funding Egyptian asset base provides a solid foundation from which to grow, and we remain committed to aligning our Egyptian investment with funds available and generated in country. The Egyptian business environment continues to improve, providing us with assurances that overdue receivables will continue to be repaid.

We were pleased to report the receipt of \$50m in January after satisfying all terms and conditions related to our disposal of the Sangomar asset to Woodside Energy. The Company's stated desire to return the \$50m payment from Woodside has been impacted by the requirement to retain cash for any future tax obligations in Senegal related to the divestment, along with Waldorf Production UK's ("Waldorf's") failure to pay Capricorn \$22.5m when due in January 2025.

Capricorn's investment proposition remains compelling as we enter H1 2025 with significant momentum and a sharp focus on developing the scale and longevity of the business to build cash flows that will ultimately grow our production base.

I would like to thank my colleagues and shareholders for their continued support and look forward to another year of delivery in 2025.

Randy Neely
CEO

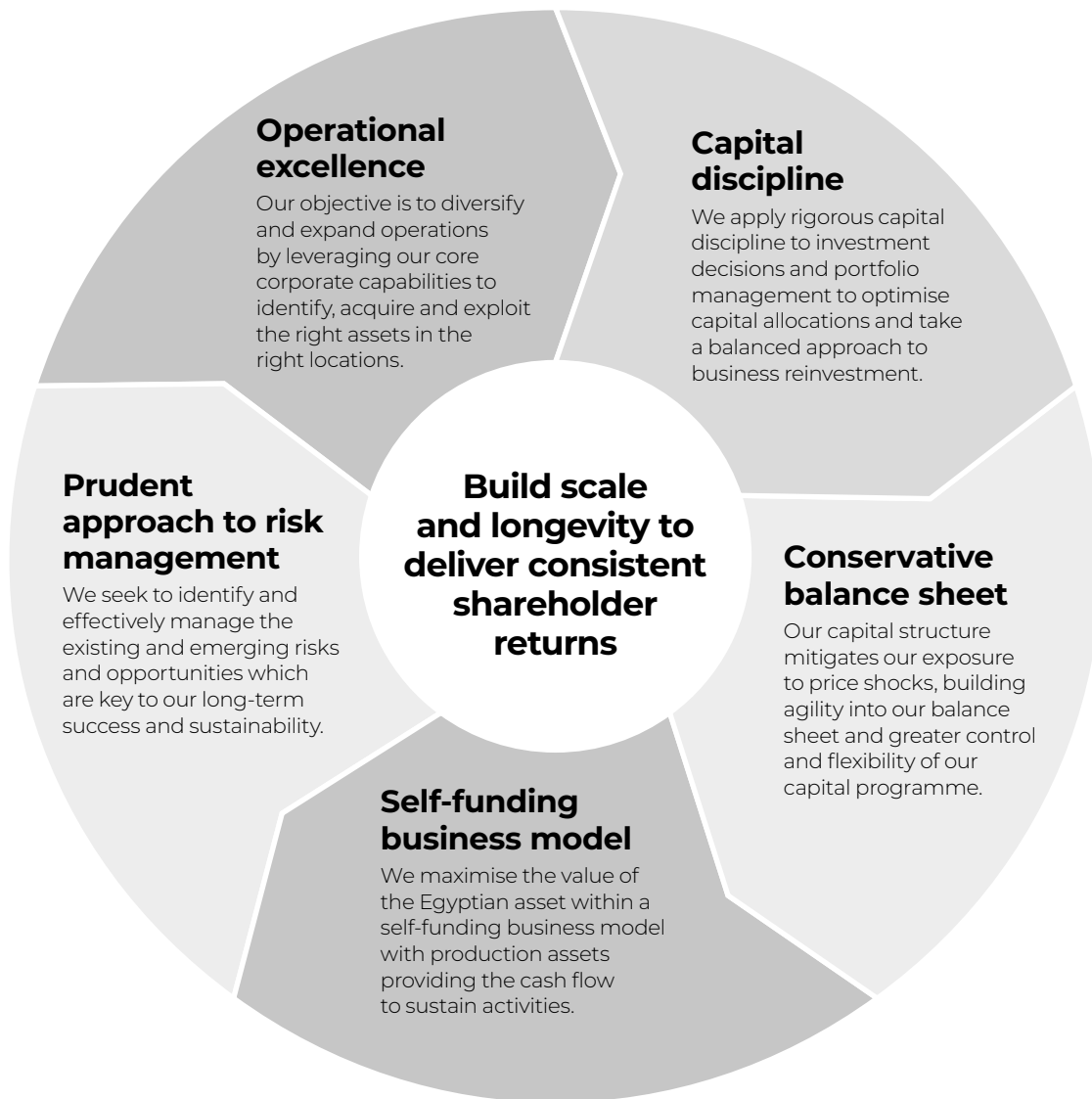
27 March 2025

“Capricorn now has the operational and capital discipline, strengthened balance sheet, assets, expertise and improved fiscal environment to realise the embedded value within the Company.”

STRATEGY AND BUSINESS MODEL

Capricorn is a cash flow-focused energy producer with a portfolio of onshore development and production assets in the Egyptian Western Desert. Our objective is to create value for our stakeholders through the development and production of oil and gas and ultimately the delivery of consistent shareholder returns.

Capricorn's strategy is focused on developing the scale and longevity of the business to maintain strong cash flows that deliver consistent shareholder returns.



Strategic priorities

Near term (< 1 year)	Medium term (< 3 years)	Long term (3–10+ years)
Legacy receipts		
Egypt concession agreement modernisation		
UK North Sea deal		
Diversify and expand operations		

MARKET OVERVIEW

Capricorn Energy continues to focus on upstream oil and gas activities to maximise shareholder value and returns. This is concentrated on our existing operations in Egypt with developments in country and the wider oil price environment key to business performance.

Egypt outlook – stable political environment bolstered by significant external cash injection

The political environment in Egypt remains stable where President Abdul Fattah al-Sisi won a third six-year term in December 2023 leading to the appointment of a new cabinet mid-2024. This included the introduction of Karim Badawi as the new Minister of Petroleum and Mineral Resources.

Through 2024, foreign exchange reserves started to recover following significant outflows in 2022. In the early part of the year over \$50bn of foreign currency was injected into Egypt through a number of sources including a large scale \$35bn deal with the UAE to invest in Ras El Hekma. The deal was followed by loans from several development partners including an \$8bn loan from the IMF, \$8bn from the EU and \$7bn from the World Bank. This was in return for structural reforms that included the Egyptian Central Bank floating the Egyptian Pound and a significant interest rate hike. This boosted key Egyptian foreign exchange reserves to \$34bn at the end of 2024, easing the recent foreign currency crisis. Following the material funding injection Egypt is anticipated by the World Bank to start a gradual recovery in growth from an estimated 2.5% in FY24 toward 4.2% by FY26.

This relatively constructive picture was set against ongoing macroeconomic challenges including the escalation of the Middle East conflict impacting foreign income sources, most notably the Suez Canal revenues. The situation was also compounded by geopolitical events, including the conflict in Ukraine and Gaza and historic inflation. Higher international oil and gas prices also put pressure on Egypt as the country increased LNG imports to supplement domestic gas production in meeting growing gas demand.

Significantly, in order to incentivise investment, Egypt remains open to discussing amendments to fiscal terms.

What does this mean for our industry?

Greater payments but energy deficit.

Compared to 2023, the improved National Balance Sheet has seen more payments to international oil companies operating in Egypt. Capricorn received \$135m in 2024 compared to \$109m in 2023. However, the country is in a growing energy deficit on both oil and gas, underlining the need to incentivise and support ongoing investment and application of technology by international upstream companies to develop domestic hydrocarbons. This is set against delivering reliable energy for a growing population of over 110m.

How are we responding?

The improved payment environment, particularly through H1 2024, meant that our 50:50 JV with Cheiron was able to build the rig count to three rigs. This has contributed to production reaching the top end of guidance.

Stable oil prices continue

Benchmark Brent crude oil prices averaged \$81/bbl, broadly similar to the 2023 average of \$80/bbl as markets remained relatively balanced, global inventories drawing only slightly year-on-year. Although stable year-on-year, there was volatility within a range of \$70/bbl and \$90/bbl with a peak of \$93/bbl in mid-April on rising tension between Iran (sixth largest oil producer) and Israel and the risk that conflict could disrupt global oil supplies.

Slow oil demand growth due to weakening global economic growth was compounded by relatively high supply outside of the OPEC+ countries cushioning the impact of rising geopolitical tensions in the Middle East and shipping disruptions in the Red Sea. U.S. oil production reached a record high of 13.2m bopd in late 2024, while production in Guyana and Canada also increased through the year.

To guard against price weakness OPEC+ announced delays to production increases on multiple occasions, albeit the oil price in Q4 2024 eased to \$75/bbl as risk of supply disruptions eased with Israel electing not to attack Iranian oil infrastructure.

What does this mean for our industry?

Positive backdrop for oil focused investment.

As oil prices remain above the 10-year average this provides a positive backdrop for continued investment in the sector with Capricorn maintaining a focus on drilling oil development wells. We anticipate continuing this strategic position particularly set against Egyptian gas prices at ~\$16/boe.

How are we responding?

Capricorn continued to produce relatively equal amounts of oil and gas, however given the significantly better economic rate of return relative to gas, we focused development drilling on oil through 2024.

STAKEHOLDERS AND S172 STATEMENT

The Directors of Capricorn Energy PLC, and those of all UK companies, are bound by their duties under the Companies Act 2006 to promote the success of the Company for the benefit of its members and in doing so, having regard to the interests and views of all relevant stakeholders. Continuous engagement is integral to our day-to-day operations and working together towards shared goals is a key factor in facilitating the long-term success of the business.

The Board fully recognises the need to balance the contrasting and, at times, conflicting interests of various stakeholder groups, whilst focusing on the Company's purpose, values and strategic priorities. Such engagement underpins the governance framework embedded throughout our business and helps to ensure we maintain the highest standards of business conduct.

Throughout the past year, there has been substantial engagement regarding a number of significant matters which has helped shape the Company's actions. These include the return of cash to shareholders, ongoing operational arrangements and the energy transition. All key business decisions considered included an analysis of stakeholder considerations, anticipated impact and any mitigating factors.

Supporting Section 172

Section 172 of the Companies Act 2006 sets out that a Director should have regard to stakeholder interests when discharging their duty to promote the success of the Company. The Directors of Capricorn Energy PLC consider, both individually and together, that they have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Section 172(1) of the Companies Act 2006.

Details of how the Board and senior management engage and foster strong relationships with some of our key stakeholders, and examples of the impact of this engagement, are set out below.

Further information can also be found throughout the Strategic Report and in our exploration of key strategic decisions made in the Corporate Governance Report.

	Why is it important to engage?	How the Board and/or management engaged	Key topics of engagement	Examples of the impact of such engagement and actions taken
Investors	<ul style="list-style-type: none"> – The views of our investors influence our strategic and operational decision-making – We are dependent on shareholders for access to funding – We are accountable to our shareholders 	<ul style="list-style-type: none"> – Holding approximately 70 investor meetings, including one-to-ones and attending conferences – Conducting regular financial reporting – Responding in a timely manner to investor and analyst enquiries – Offering shareholders the opportunity to submit questions by email in advance of general meetings (as well as being able to raise questions at the meetings themselves) – Post-general meeting correspondence to discuss vote outcomes 	<ul style="list-style-type: none"> – Strategy and performance – Return of cash to shareholders – Corporate governance – Environmental, social and governance (ESG) matters including energy transition 	<ul style="list-style-type: none"> – Regular reviews of corporate objectives – Return of cash being conducted by way of special dividend as opposed to tender offer

STAKEHOLDERS AND S172 STATEMENT CONTINUED

	Why is it important to engage?	How the Board and/or management engaged	Key topics of engagement	Examples of the impact of such engagement and actions taken
Governments	<ul style="list-style-type: none"> – We are responsible to them for compliance with local and/or international laws – Their permissions are required for us to access acreage and obtain payments 	<ul style="list-style-type: none"> – Meetings with heads of state, UK and country ambassadors, ministers and civil servants 	<ul style="list-style-type: none"> – Legal compliance – Major accident prevention – Investment and economic growth – ESG matters 	<ul style="list-style-type: none"> – Continued monitoring of responsible performance at Board meetings and annual review of key Group policies and objective key performance indicator (KPI) setting – Implementation of enhanced incident reporting system – Reviewing feedback and commentary from government and regulatory bodies regarding performance expectation – KPIs include performance against leading and lagging indicators for health, safety, security and environmental (HSSE) protection
Business partners, peers and contractors	<ul style="list-style-type: none"> – We are reliant on our partners in joint ventures (JVs) – We are commercially responsible to contractors, suppliers and partners – Their performance directly impacts our financial, operational and responsible performance 	<ul style="list-style-type: none"> – Meetings with partners, peers and contractors in addition to regular joint venture (JV) and operations planning meetings – Maintaining membership of industry bodies – Active management of key projects and assets (including alignment of project deliverables) 	<ul style="list-style-type: none"> – Policies and standards – Industry reputation – Investment opportunities for growth – Long-term relationships – ESG matters 	<ul style="list-style-type: none"> – Careful selection of contractors – Continued membership of the International Association of Oil & Gas Producers (IOGP) – Actively engage with JV partners and governments to ensure good working relationships
Local communities and interest groups	<ul style="list-style-type: none"> – We have an ethical responsibility to maximise social and economic benefit and to minimise impact on livelihoods and the environments in which we operate – They provide an alternative perspective, strengthening our knowledge of local situations and/or specific demands 	<ul style="list-style-type: none"> – Community meetings – Reviews of social investment strategies aligned with United Nations Sustainable Development Goals (UN SDGs) – Senior management visits – Media monitoring 	<ul style="list-style-type: none"> – Transparency of payments to governments – Protection of resources and livelihoods – Community development and social investment – Access to employment and business opportunities – Education assistance 	<ul style="list-style-type: none"> – Community investment focused on maintaining strong stakeholder relationships in areas where we have assets or an office base – Continued membership of the Extractive Industries Transparency Initiative
Employees	<ul style="list-style-type: none"> – We are dependent on employees' performance and that of the wider workforce – We have a legal and ethical responsibility for their well-being – They bring a diverse perspective to the identification of opportunities and ways of working 	<ul style="list-style-type: none"> – Regular staff meetings – Employee Voice Forum (EVF) meetings – Exit interviews 	<ul style="list-style-type: none"> – Benefits – Internal mobility – Cost-of-living increases and inflationary pressures in the economy – Collaboration across teams 	<ul style="list-style-type: none"> – Review of employee benefits – Well-being strategy development

MEASURING OUR PERFORMANCE

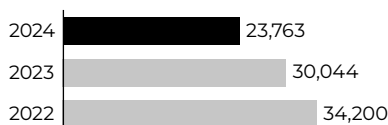
We use both financial and non-financial metrics to manage long-term performance and monitor progress against pre-defined strategic objectives.

A: Cash receipts from operations (\$m)



Cash collections in Egypt have continued to grow year-on-year as Capricorn work closely with our partner and EGPC to address the ongoing receivables position.

B: Net production (boepd)



Net production was 21% lower in comparison to 2023.

WI production in 2024 across the four main concession areas was at the upper end of the guidance range for WI production of 20,000 – 24,000 boepd.

Capricorn focused on improving knowledge of and optimising the producing assets in Egypt with the goal of establishing a more predictable operations base. The partnership prioritised liquid-focused operations in the BED area and efforts continue to actively manage reservoirs with water injection, to add production and reserves.

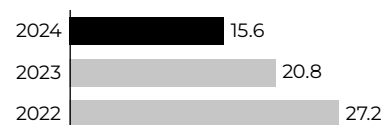
C: Opex costs (\$/boe)



Opex costs were 15% lower in comparison to 2023.

Operating costs benefited from the devaluation of the Egyptian currency.

D: Net 2P entitlement reserves (mmboe)



The Group 2P reserves decreased by 25% in comparison to year-end 2023.

Reserves decreased by 5.2 mmboe during the year from 20.8 mmboe at year-end 2023 to 15.6 mmboe at year-end 2024 on an entitlement interest basis. This was principally due to Egyptian production of 3.6 mmboe and downward revisions in undeveloped reserves due to lower planned drilling activity in expiring licenses, and upward revisions to include net entitlement on a before tax basis.

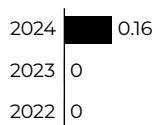
E: Receivables position (\$ million)



The receivables balance increased by 9% in comparison to 2023.

There was a material improvement of collections against Capricorn's Egypt accounts receivable since year-end 2024 with cash receipts of \$135m in 2024 compared to \$109m in 2023. Collections in the first half of the year were strong, but there was a significant deterioration in the second half of the year. The Egyptian business environment did improve in 2024 and we will continue to monitor future capital expenditure commitments against collection of receivables.

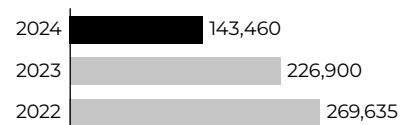
F: Health and safety (LTIF rate)



2024 performance decreased versus 2023 with respect to long-term injury frequency (LTIF).

Capricorn included data on non-operated incidents in 2024 versus only operated incidents in 2022 and 2023. Our operating partner in Egypt performed strongly in health and safety and achieved health and safety benchmarks better than IOGP.

G: Scope 1 and 2 equity emissions (tCO₂e)



Scope 1 and 2 emissions reduced by 37% in comparison to 2023.

Scope 1 and 2 emissions reduced significantly in 2024 due to a number of factors including the implementation of decarbonisation initiatives in the assets. Scope 1 greenhouse gas (GHG) emissions reduced by 20%, routine flaring by 52%, methane emissions by 2% and diesel consumption by 13%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Over the past two years, Capricorn has transitioned from a larger exploration company managing multiple assets to a more streamlined organisation with a non-operated stake in onshore Egyptian assets. As a result of reducing our operations and size, the Company chose to undertake a double materiality assessment (DMA) to reassess our material topics in light of these changes to the Company's scope of operations. This has enabled us to refocus our ESG and sustainability efforts to be more representative of Capricorn today.

This process was conducted in consultation with key internal staff and used topics from the Global Reporting Initiative (GRI) oil and gas sector 11 guidance. The impact materiality (Capricorn's outward impact on stakeholders and the environment) and financial materiality (impact on Capricorn) was assessed for 22 topics.

This resulted in the designation of each topic as either non-material, impact material, financially material or double material. It is important to note that within these designations the topics are not ranked against each other.

The matrix shows the topics material to the business at the time it was completed. We are committed to reviewing this as the Company evolves or if external factors change, to ensure it remains an accurate reflection of Capricorn's operations.

Double material topics

GHG emissions (GRI 11.1)

As an oil and gas company Capricorn contributes to global GHG emissions through its operations. We are working to reduce our emissions and mitigate our impacts through various projects. This topic also brings financial risk, as future carbon taxes, carbon border adjustment mechanisms and methane regulations could lead to increased costs associated with Capricorn's business.

Climate adaptation, resilience and transition (GRI 11.2)

There are negative climatic impacts from the burning of oil and gas, however if Capricorn's domestic supply to the Egyptian market is replacing more emission-intensive imports or the use of more emission intensive fuels such as coal, then this could have a net positive impact on the country's emissions. It is likely that there will be financial risks associated with climate change, through more frequent extreme weather events (e.g. droughts, heat stress, windstorms, etc.) that could lead to both increased operating and capital expenditures.

Occupational health and safety (GRI 11.9)

Occupational health and safety is a key topic for Capricorn as the negative impact of an accident involving our workers or the local environment could be significant, hence we place large amounts of resource into ensuring this does not occur.

Impact material topics

Water and effluents (GRI 11.6)

Capricorn's assets in the Egyptian Western Desert are located in an area of high water-stress as per the Aqueduct Water Risk Atlas. As a result, we are working together with our JV partner to reduce any potential negative impacts.

Employment practices (GRI 11.10)

Capricorn has a direct impact on the people that we employ in our offices as well as those employed in our operations.

Non-discrimination and equal opportunity (GRI 11.11)

Capricorn has a direct impact on the people that we directly employ in our offices but a more limited influence on those who are employed at our assets. A breach of this topic would be a breach of human rights and so it is considered material to Capricorn.

Financial material topics

Conflict and security (GRI 11.18)

Escalation and widening of the conflict between Israel and Gaza could lead to financial risks for Capricorn's business in Egypt. While Capricorn's direct operations are unlikely to be affected, there could be knock-on financial risks from supply issues in the region due to the ongoing conflict and any spill over tension.

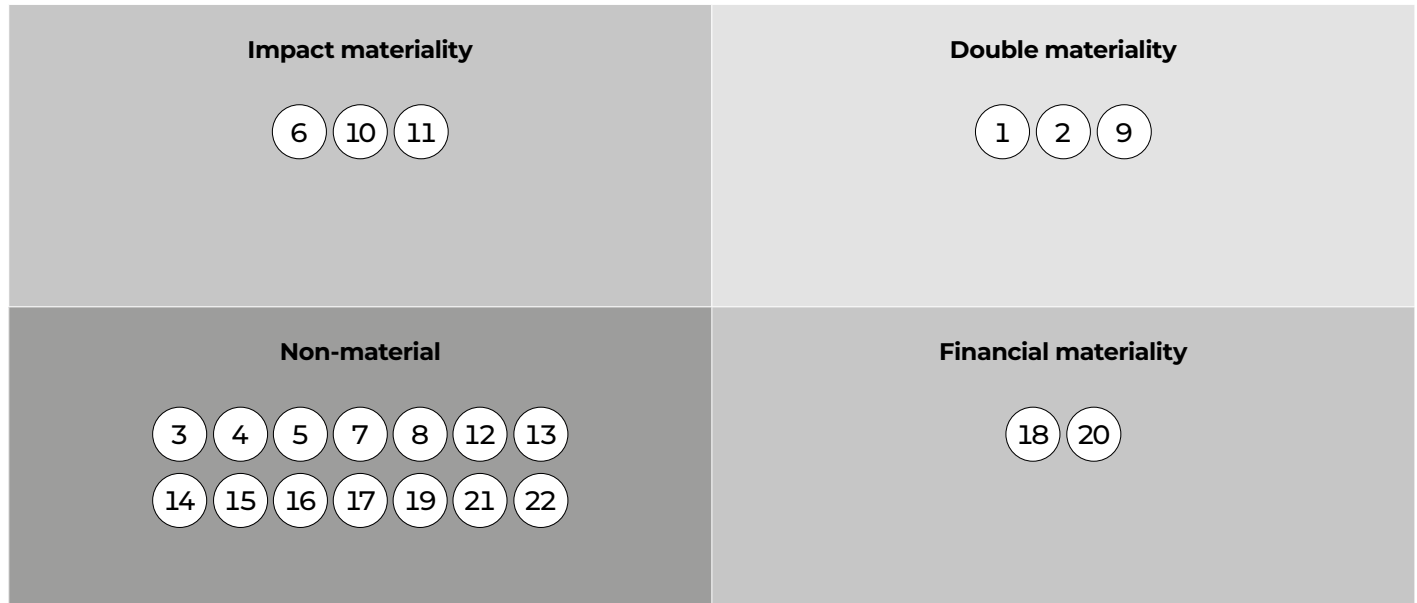
Anti-corruption (GRI 11.20)

Capricorn has assets in a country deemed high risk for bribery and corruption. Egypt is ranked as 'high risk' for bribery in Transparency International's Corruption Perceptions Index. The Company ensures that it complies fully with the UK Bribery Act in all jurisdictions in which we operate to mitigate against this risk.

It was decided that the remaining 14 GRI 11 topics were non-material, based on Capricorn's non-operator status and the regulatory environment in which we operate and that our operators are required to be compliant with. While these topics do not meet the threshold of materiality with regards to ESG, they remain important to us. We are committed to the ongoing review of these topics and to updating their materiality as required.

Materiality matrix

The outcome of Capricorn's DMA is represented in the materiality matrix below:



Capricorn's DMA results displayed in a matrix highlighting the materiality of the GRI 11 topics.

Materiality topics

① GHG emissions	⑨ Occupational health and safety	⑰ Rights of indigenous peoples
② Climate adaptation, resilience and transition	⑩ Employment practices	⑱ Conflict and security
③ Air emissions	⑪ Non-discrimination and equal opportunity	⑲ Anti-competitive behaviour
④ Biodiversity	⑫ Forced labour and modern slavery	⑳ Anti-corruption
⑤ Waste	⑬ Freedom of association and collective bargaining	㉑ Payments to governments
⑥ Water and effluents	⑭ Economic impacts	㉒ Public policy
⑦ Closure and rehabilitation	⑮ Local communities	
⑧ Asset integrity and critical incident management	⑯ Land and resource rights	

Working responsibly

We are committed to working responsibly as part of our strategy to deliver value in a safe, secure and environmentally responsible manner for our stakeholders. Our responsible business principles are integrated into our systems and processes and determine how we work, helping us to behave responsibly for our people, the environment and society.

The UN SDGs provide a framework from which to assess the impact and increase the value of Capricorn's activities, and we look to contribute positively towards them.

Our reporting covers those assets and activities of which we have operational control. It does not include the performance of non-operated joint venture activities; however, we do consider the risks associated with our partners' positions and their control of such activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Governance	Environment	People	Society
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Material topics

For more on our business principles visit: www.capricornenergy.com/working-responsibly/

<ul style="list-style-type: none"> – Anti-corruption 	<ul style="list-style-type: none"> – GHG emissions – Climate adaptation, resilience and transition – Water and effluents 	<ul style="list-style-type: none"> – Occupational health and safety – Employment practices – Non-discrimination and equal opportunity 	<ul style="list-style-type: none"> – Conflict and security
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Highlights

<ul style="list-style-type: none"> – Sustainability Committee met twice in 2024 to discuss ESG issues. – Anti-bribery and corruption and tax evasion compliance training programme completed across the Group. – Worked with our partners to deliver anti-bribery and corruption training to higher risk roles. – Risk assessments for bribery and corruption and tax evasion updated. – Business and operational management systems refreshed to ensure they were suitable for the Group. – Frequent risk review meetings completed with all departments to review and discuss ESG risks and opportunities. 	<ul style="list-style-type: none"> – Successfully executed decarbonisation projects in Egypt which, compared to 2023, resulted in a: <ul style="list-style-type: none"> • 20% reduction in GHG emissions; • 52% reduction in routine flaring; • 26% reduction in methane emissions; • 13% reduction in diesel consumption. – The JV received an Operational Energy Efficiency award, presented by the Minister of Petroleum and Mineral Resources, for achievements in enhancing efficiency and reducing emissions and flaring the Obaiyed concession. – The Group remains on target to meet our short-, medium- and long-term emission reduction targets. – Invested in improving drought resilience in the local community through a social investment project. 	<ul style="list-style-type: none"> – Operating partner performed strongly in health and safety, with rates lower than IOGP benchmarks. – Completed a test exercise of the Group's business resilience plan, IT disaster recovery plan and emergency response capability. – 100% completion rate for all mandatory training. – Zero reported breaches of the Group Code of Ethics. – Zero reported grievances. – Implemented new software to simplify HR processes and improve employee experience. 	<ul style="list-style-type: none"> – Group travel risk assessments completed for all staff travelling to areas with increased above ground risks. – Delivered a community investment partnership project improving housing and drinking water access infrastructure, income generation initiatives and veterinary clinics for livestock. – Supported new graduates through continued sponsorship of the Al Amal Programme and two, six-month internships at Capricorn Egypt. – The Group's COO and our Managing Director Egypt completed a safety visit to the NEAG-1 Production station in the Western Desert and the Egyptian Petrochemicals Company (EPC) gas monitoring and measurement facilities in Alexandria.
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Priorities

<ul style="list-style-type: none"> – Continued commitment to ethical operations and ESG matters. – Implementation of controls to ensure Economic Crime and Corporate Transparency Act 2023 compliance. 	<ul style="list-style-type: none"> – Continued delivery of decarbonisation initiatives in the assets to support short-, medium- and long-term emission reduction targets. 	<ul style="list-style-type: none"> – Employee engagement via feedback and project-related work. – Review and implementation of new well-being strategy. – Review and implementation of new learning portal. 	<ul style="list-style-type: none"> – Commitment to maintain and build trust with local communities via social investment partnership supporting development projects, job creation and educational initiatives. – Completion of safety leadership visits to Egyptian assets.
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UN SDG alignment

			
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Overarching goal, applicable to all material topics



Governance

Capricorn is committed to delivering value in a safe, secure, environmentally and socially responsible manner for our stakeholders. Delivering our strategy, achieving our objectives and creating long-term value for our shareholders requires robust, transparent corporate governance. Good governance, combined with our responsible culture, helps to ensure that the Company continually works to benefit our stakeholders.

Anti-corruption

Capricorn has a zero-tolerance position on bribery, fraud and corruption. We have developed mitigation measures and undertake anti-bribery and corruption assessments whenever we enter a new territory or seek new business partners. We also maintain due diligence in all of our operating locations even when our presence is established. Our business partners, service providers and staff are expected to act with honesty and integrity, and all employees are trained in anti-bribery and corruption policies and procedures. We track and act on any incidents of corruption, provide training on anti-corruption policies and track employee compliance and adherence rates annually. A whistleblowing mechanism is also in place to allow employees to raise any concerns about corruption.

In 2024, anti-corruption training was provided to all employees across the Group. Capricorn also worked with our operating partners to deliver training to staff in higher risk roles. We refreshed the Group and country anti-corruption risk assessments and continued to perform due diligence on prospective contractors and business partners using a risk-based approach.

Environment

We are committed to being a responsible energy producer and strive to prevent and minimise our overall impact on the environment.

GHG emissions

Our operations have an impact on the environment through the emissions generated by our activities. We remain on track to meet our short-, medium- and long-term emissions reduction targets related to the Paris Agreement, as set out in our emissions reduction pathway (see p28). The majority of our GHG emissions relate to our non-operated activities, so we use an equity approach. Emissions include Scope 1 and 2 emissions and Scope 3 emissions including business travel and commuting. We explore ways to reduce these emissions by collaborating with the operator in Egypt and implementing an active GHG reduction programme. In 2024, in comparison to 2023, the joint venture has successfully cut GHG emissions by 20%, reduced routine flaring by 52% and reduced diesel

consumption by 13%. Ongoing initiatives executed include electrification of the BED, NEAG and AESW concessions and replacing diesel with gas turbines. In comparison to 2023, Capricorn's total Scope 1 and 2 equity emissions reduced by 37%.

Climate adaptation, resilience and transition

Part of our efforts to manage the energy transition is recognising our role in supporting Egypt as a developing economy. Egypt is a net importer of oil and gas, and with 100% of Capricorn's product used within the domestic market, the Company will continue to provide a high-quality product to Egypt while implementing increasingly efficient production initiatives.

We are aware that future risks, including the energy transition, may impact our employees with regard to job security. While we support the decarbonisation of our asset base in Egypt, the oil and gas industry underpins the country's economy and is one of its priority industries, meaning there is no short- to medium-term risk, and we expect our employees to be able to enjoy a full career.

As part of Capricorn's energy transition planning, our emissions reduction targets and ESG risks are included in the Company's risk register. We plan to mitigate or manage climate-related risks through avoidance, reduction, substitution, sequestration and carbon offsets and we do not expect any of our assets to be closed early due to climate-related risks.

GHG emissions from operated activities (SECR)

	Unit	2024	2023
Scope 1 (direct) emissions from fuel combustion, flaring and waste incineration	tCO ₂ e		
UK		16.14	113.64
Capricorn Total		59.05	1,392.76
Scope 2 (indirect) emissions (location-based) from electricity consumption	tCO ₂ e		
UK		44.71	149.26
Capricorn Total		74.73	181.84
Total gross Scope 1 and Scope 2 emissions	tCO ₂ e		
UK		60.85	262.90
Capricorn Total		133.78	1,574.60
Total energy consumption kWh	tCO ₂ e		
UK		315,541	1,340,000
Capricorn Total		589,798	1,419,444
GHG intensity ratio of Scope 1 and Scope 2 emissions to 1,000 hours worked tCO₂e/1,000 wh	tCO ₂ e		
UK		1.06	1.2
Capricorn Total		1.41	4.2
Scope 3	tCO ₂ e		
Business travel – UK		386.45	576.20
Business travel – Capricorn Total		386.45	576.20
Commuting emissions – UK		22.8	66.90
Commuting emissions – Capricorn Total		107.24	200.57

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Where possible, we make positive contributions to climate change adaptation, such as through our social investment programme in Egypt. Activities include the construction of rain harvesting wells to improve drought and famine resilience in communities neighbouring our assets.

We exercise transparency with our lenders by demonstrating how we will reduce our emissions, and our current debt agreement is subject to an Environmental and Social Action Plan with requirements related to a GHG emissions reduction plan and the elimination of routine flaring by 2030. Our Group Contracting Procurement Procedure also requires emissions data to be provided from potential suppliers where appropriate.

Water and effluents

Access to clean, safe water for local communities is a fundamental human right that is enshrined in the UN SDGs and we take our responsibility for protecting and maintaining these resources seriously. Our Corporate Environmental and Climate Change Policy (CECP) outlines our commitment to efficient operations regarding water usage. It aims to protect water sources and water quality where we operate, promotes the efficient usage of water, and includes the need to engage with local communities to ensure environmental resources are conserved. Our social investment programme in 2024 included the construction of 80 rain harvesting wells in communities to improve drought and famine resilience.

People

Our people are the key to our success and their well-being, safety and security are core values underpinning how we do business. We have an excellent safety record that we are determined to maintain as we continue to develop the business, prioritising health and safety, fairness, inclusion and opportunity to help create a professional, talented, diverse and engaged workforce.

Occupational health and safety

We have HSSE policies and procedures in place extending to our contractors, subcontractors, suppliers and visitors to mitigate workplace hazards and risks. As a non-operator, all Capricorn employees are office-based and unlikely to be exposed to potential hazards associated with field operations, however appropriate risk assessment procedures such as journey management plans and safety inductions for visitors to our offices are in place to ensure suitable protections.

We have a dedicated budget for developmental and work-related training, providing employees with access to external

training in addition to in-house workshops to ensure compliance with legislative updates, industry standards and objective-related requirements. Roles and responsibilities are reviewed regularly to aid succession planning and the developmental and personal ambitions of our employees.

The reporting of any HSSE-related issues is encouraged and we actively raise awareness among the wider workforce and provide support. We also have a whistleblowing mechanism in place to ensure that anyone who raises a concern or highlights potential or actual breaches receives support and respect.

Employment practices

We support the work-life balance of our employees by offering flexible start and finish times, enhanced leave benefits, the opportunity to work from home, and access to a variety of well-being programmes and initiatives aimed at addressing social, financial, physical or mental health issues they may be facing. We also offer regular opportunities to provide feedback to the leadership team on any adjustments required.

Staff are offered a range of health and well-being support, including access to an employee assistance programme (EAP) and private medical and dental insurance. A healthcare allowance is in place to encourage staff to maintain an active lifestyle, and our EAP and BUPA memberships provide access to a range of online resources to help improve physical and mental health. As part of our well-being strategy, we will also provide employees with a variety of community volunteering opportunities throughout 2025.

We promote a positive workplace culture through regular employee engagement, such as our EVF and regular one-to-one management meetings used to gather feedback from employees and discuss appropriate actions. In 2025 our annual employee survey will also be reintroduced following a pause during the Company's restructure in 2023 and 2024.

Non-discrimination and equal opportunity

Capricorn is committed to creating a diverse and welcoming workplace where we consider how specific groups may be subject to discrimination and seek to address these issues. We continuously review the recruitment and equality, diversity and inclusion policies we have in place to ensure that all employees are treated fairly and in a consistent manner.

A Company-wide annual salary process is conducted to ensure equal pay and consistency across the organisation, using third-party and market benchmarking data to inform our decisions and ensure that our pay is competitive, fair and bias-free.

The Company also has policies and procedures in place to prevent discrimination, including annual mandatory training, and in 2025 we will conduct in-house training specifically covering the subject of sexual discrimination. We have robust processes in place to monitor, record and report grievances, and any cases of discrimination are dealt with under our internal procedures, ensuring a full investigation takes place and appropriate actions are taken.

We work closely with our recruitment partners to ensure that the people we choose have the right skills and experience required for the role. When advertising directly, we use a platform that ensures a wide range of candidates have visibility of our opportunities.

Society

We seek to make a positive difference by investing in efforts to support economic and community development. We consider it a privilege to work in any host country and recognise that we must manage and mitigate any potential risks and impacts associated with our activities to support communities that may be affected by our operations.

Conflict and security

Our JV partner implements high HSSE standards to protect the safety of the local community and the environment. The Crisis Emergency Management Procedure is designed to mitigate and minimise the occurrence of any potential incidents, consisting of training in how to respond in the event of an emergency, the provision of equipment and resources and robust protocols to ensure clear communication between Capricorn and our JV partner with neighbouring operators.

Capricorn indirectly employs field workers from the local community through our JV partner and we have formal agreements in place to ensure the implementation of consistent, safe and fair working practices. We also perform periodical checks of working conditions and provide feedback to our JV partner to ensure that contractors are treated fairly and consistently.

As part of our commitment to health and safety, the Group's COO and our Managing Director Egypt completed two safety leadership site visits to the NEAG-1 Production station in the Western Desert and to the EPC gas monitoring and measurement facilities in Alexandria. The objective was to meet with the local leadership teams to get an overview of the operations and to reinforce Capricorn's commitment to high standards of health and safety.

RISK MANAGEMENT

Successful and sustainable implementation of our strategy requires strong corporate governance and effective risk management. We deliver this through a comprehensive framework of business policies, systems and procedures that enable us to assess and manage risk effectively.

Managing business risks

Managing existing and emerging risks and opportunities is essential to Capricorn's long-term success and sustainability. All investment opportunities expose the Group to political, commercial and technical risk and Capricorn maintains exposure to these risks at an acceptable level in accordance with its appetite for risk.

As in previous years, Capricorn's risk management process is based on a holistic approach and provides a systematic process for the identification and management of the key risks and opportunities which may impact the delivery of the Group's strategic objectives. KPIs are set annually and determining the level of risk the Group is willing to accept in the pursuit of these objectives is a fundamental component of Capricorn's risk management framework. As outlined below, this integrated approach to the management of risk and opportunity plays a key role in the successful delivery

of the Group's strategy. Capricorn's system for identifying and managing risks is embedded from the top down in its organisational structure, operations and management systems, and accords with the risk management guidelines and principles set out in ISO 31000. The Group's risk management structure is set out below. This framework for risk assessment applies to all risk types including operational, health and safety, environmental, financial, strategic and reputational.

In 2024, the Board completed a robust assessment of the Company's emerging and principal risks.

Risk governance

Overall responsibility for the system of risk management and internal control rests with the Board. Principal risks and opportunities, as well as progress against key projects, are presented at each Board meeting.

The Group's framework for risk management promotes a bottom-up approach to risk management with top-down support and challenge. The risks associated with the delivery of the strategy and work programmes, and the associated mitigation measures and action plans are maintained in a series of risk registers at Group, country, department and project level. Reporting of these risks within the organisation is structured so that risks are escalated through various internal management and Board committees, and to the Board itself.

At the third line of defence is the co-sourced internal audit function which provides assurance on the effectiveness of our risk management process and other key controls to the Board and its committees.

Group's risk management framework

Outline the strategy

Set a sustainable strategy to achieve Capricorn's near- and longer-term goals.

Define strategic objectives

Set clear strategic objectives.

Define risk appetite

Determine the level of risk the Group is willing to accept in the pursuit of its strategic objectives and document this in the Group Risk Appetite Statement.

Identify key risks

Identify key risks to the achievement of strategic objectives and associated opportunities, through discussions at Board, management team, country and functional levels.

Apply risk assessment process

Apply the Group risk assessment process to ensure the ongoing management of key risks to our objectives.

Deliver strategic objectives

Delivery of strategic objectives through informed risk-based decision making and target progress through KPIs.

Risk governance framework

Top-down: Oversight, accountability, monitoring and assurance

The Board

Holds overall responsibility for the Group's risk management and internal control systems.

Sets strategic objectives and defines risk appetite.

Sets the tone and influences the culture of risk management.

Completes robust assessment of principal risks.

Audit Committee

Chaired by Non-Executive Director in 2024.

Monitors and reviews the scope and effectiveness of the Company's systems of risk and internal control.

Reviews principal risks.

Department managers

Perform quarterly deep-dive reviews of the Group risk register and assess risk actions, control effectiveness and risk ownership.

Asset/project/function level

Risk identification, assessment and mitigation completed at country, department and project level.

Risk management system embedded and integrated throughout the Group.

Risk culture influencing all business activities.

Bottom-up: Identification of risks and mitigating actions for assets, projects and functions

VIABILITY STATEMENT

In accordance with the provisions of the UK Corporate Governance Code, the Board has assessed the viability of the Group over a period longer than the 12-month period required for its going concern assessment.

Period of assessment

The Directors have assessed the viability of the Group over a three-year period to March 2028. In selecting the length of period over which to assess viability, the Board has considered the following:

- The Group's financial outlook is assessed primarily through its business planning process. At least annually the Board considers the Group's business plan and cash flow projections over a three-year period.
- Key assumptions which underpin the Group's internal forecasts include forecast oil prices, production profiles, forecast cost levels for drilling and operations, the level of future capital investment and availability of debt under the Group's borrowing facilities. The Board considers that most significant risks to the business are shorter term in nature, in particular those associated with asset performance, volatility of commodity prices and availability and repayment of debt under the current facilities.
- The Group's longer-term work programme in Egypt is dependent upon collection of the Group's receivables, and, while the operator routinely produces a five-year business plan, the Directors will only commit to expenditures on a far shorter time-frame to match against payments received in-country.

Consequently, the Board has determined that three years is the appropriate period over which to assess the Group's viability.

Principal risks

The Directors have considered the impact of the principal risks of the business on the Group's financial viability over the assessment period as well as the mitigation strategy in respect of those risks. While all of the risks could potentially impact performance, the principal risks and uncertainties that are considered to affect the Board's assessment of the Group's financial viability in this period are:

- operational performance of its producing assets;
- the effect of volatile oil and gas prices on the business, on our partners, and other stakeholders' financial positions;
- volatility of cash revenue receipts in Egypt due to irregular settlements of trade receivables due from EGPC and the impact on future capital investment;
- the inability to secure new opportunities to grow the business outside of Egypt;

- a lack of availability and/or increased cost of debt facilities to fund our capital programme and execute our strategy; and
- the inability to make further cash returns to shareholders.

Financial forecasts

The Group's base case financial forecasts are based on the following key assumptions that reflect the principal risks as follows and are consistent with those assumptions used in the going concern assessment performed by the Board:

- production profiles and expenditure forecasts on an asset-by-asset basis based on the Group's business plan based on the revised field life and economic terms across concessions expected to be ratified in the summer of 2025;
- forecast oil prices in line with the two-year forward curve and \$65/bbl thereafter;
- Egypt trade receivables settlement forecasts based on monthly invoices and additional six-monthly bullet payments to reduce the historic receivables position;
- Forecast availability and repayments of debt based on year-end redetermination model in respect of the RBL facility.

Downside sensitivity analysis was undertaken on the base case scenario, reflecting a more severe impact of the principal risks, both individually and in aggregate as follows:

- Lower crude oil prices, with a fall to \$65/bbl over the period;
- A 20% reduction in forecast production volumes through 2026 and 2027 and a 30% reduction in 2028;
- Increased delays in recovering Egypt receivables with a reduction to monthly receivables and no additional bullet payments;
- Increased administration costs of 10% and,
- An additional cash outflow in respect of Senegal contingent tax liability.

In addition, Group has considered a more severe oil price crash scenario assumed to occur in the current year, with prices dropping to \$40/bbl and recovering by the end of 2026.

Taking this into account, in both downside scenarios the Group is forecasting sufficient financial headroom throughout the assessment period.

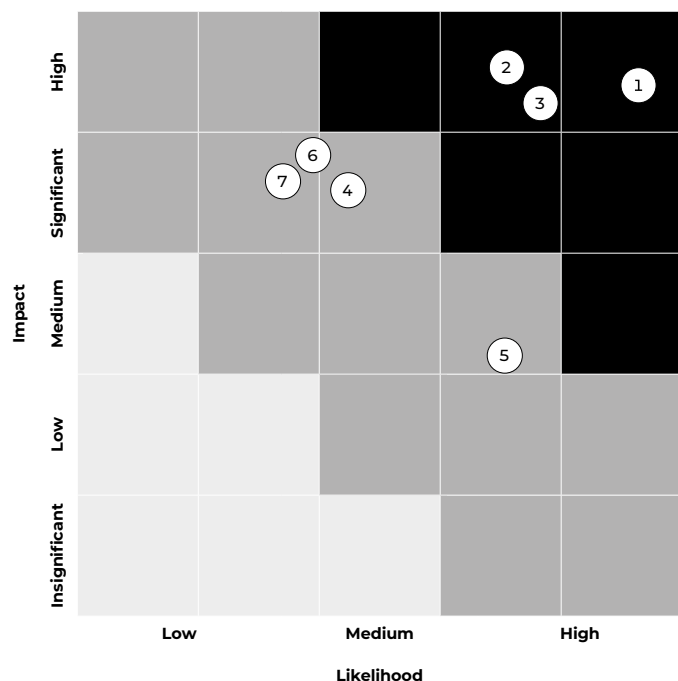
Conclusion

The Directors' assessment of viability is based on the Group's current position, prospects, and the principal risks and uncertainties affecting the business. As part of this analysis the Directors have also considered mitigations that could be deployed to increase headroom although not required in either of the main downside scenarios tested. Further possible actions currently being pursued by the Directors but not considered as mitigants in the current assessment include the acquisition of a cash flow-generating asset in the UK North Sea, contributing to Group overheads and refinancing of the Egypt debt increasing the amortisation period.

Based on this analysis, the Directors have a reasonable expectation that the Group can continue in operation and meet its liabilities as they fall due over the three-year period to March 2028.

PRINCIPAL RISKS TO THE GROUP IN 2024-2025

The following pages provide a summary overview of the principal risks to the Group at the end of 2024, the potential impacts, the mitigation measures, the risk appetite and the KPIs or strategic objectives the risks may impact.



Risk	Viability
① Increasing EGPC receivables balance	Y
② Volatile oil and gas prices	Y
③ Failure to replace long-term reserves and resources	Y
④ Underperformance of Egypt assets	Y
⑤ Political and fiscal uncertainties	Y
⑥ Future challenges and costs as markets transition to net zero	
⑦ Lack of adherence to HSSE policies	

Emerging risks

Within the Group's risk assessment framework, emerging risks are considered as part of the identification phase. These are risks that cannot yet be fully assessed, risks that are known but are not likely to have an impact for several years, or risks which are unknown but could have implications for the business moving forward. Capricorn monitors updates from organisations updates such as BRINDEX and Oil & Gas UK and reviews the World Economic Forum Global Risks Report to better understand emerging trends in the sector.

Capricorn's concessions in Egypt are the Group's primary revenue generating assets and any material political or fiscal country destabilisation could potentially disrupt or, in the extreme, immobilise the Group's Egyptian operations. The Group is actively looking to grow the asset base and considers potential emerging macroeconomic exposures which could degrade the value of opportunities.

Principal risk: Increasing EGPC receivables balance

Strategic objective
Self-funding business model

Owner:
Chief Financial Officer

Risk appetite

Low – The Group faces an uncertain economic and regulatory environment in some countries of operation. The Group is willing to invest in countries where political and/or fiscal risks may occur, provided such risks can be adequately managed to minimise the impact where possible.

Impact

- Reduced capital availability leading to less drilling with impact on reserves and production
- Requirement for cash injections from existing funds
- Uncertain financial outcomes
- JV partner default on facility agreement and other agreements

Mitigation

- Maintain positive relationships with governments.
- Active and regular discussions with EGPC to agree payment schedules.
- Payment in Egyptian Pounds where amounts can be immediately reinvested in the JV.
- Other settlement mechanisms available.

2024 movement

This risk remained static in 2024.

As at December 2024, the Company had \$180m in outstanding accounts receivable due from EGPC.

There was a material improvement of collections against Capricorn's Egypt accounts receivable since YE2024 with cash receipts of \$135m in 2024 compared to \$109m in 2023. Collections in the first half of the year were strong, but there was a significant deterioration in the second half of the year. The Egyptian business environment did improve in 2024 and we will continue to monitor future capital expenditure commitments against collection of receivables.

Egypt has never defaulted on oil and gas, and has always honoured payment obligations.

Related KPIs

- A: Cash receipts from operations
- B: Net production
- E: Receivables position

PRINCIPAL RISKS TO THE GROUP IN 2024-2025 CONTINUED

Principal risk: **Volatile oil and gas prices**

Strategic objective Self-funding business model	Owner: Chief Financial Officer	Risk appetite Medium – Exposure to commodity prices is fundamental to the Group’s activities; however, the Group manages its investment programme to ensure that a threshold economic return is delivered and the business model is funded even in sustained downside price scenarios.	
Impact – Reduction in future cash flow – JV partner capital constraints	Mitigation Sensitivity analysis conducted to assess robustness of Group financial forecasts for funding plan. Operators’ cost initiatives delivering material cost reductions on development projects. Plan expenditure within cash flow receipt forecast.	2024 movement This risk remained static in 2024. An underlying increase in demand, combined with below target supply from OPEC and continued tension over the Ukraine and Gaza crises, helped to maintain higher oil prices in 2024. Oil price fluctuations are expected to continue in 2025 and this could materially impact the cash flow from Egypt production.	Related KPIs A: Cash receipts from operations B: Net production C: Opex Costs E: Receivables position

Principal risk: **Political and fiscal uncertainties**

Strategic objective Conservative balance sheet	Owner: Chief Executive Officer	Risk appetite Medium – The Group faces an uncertain economic and regulatory environment in some countries of operation. The Group is willing to invest in countries where political and/or fiscal risks may occur, provided such risks can be adequately managed to minimise the impact where possible.	
Impact – Loss of value – Uncertain financial outcomes	Mitigation Operate to the highest industry standards with regulators and monitor compliance with the Group’s licence, PSC and taxation requirements. External specialist advice sought on legal and tax issues as required. Maintain positive relationships with governments and key stakeholders. Ongoing monitoring of the political and regulatory environments in which we operate. Working responsibly is an important factor in maintaining our access to funding.	2024 movement This risk remained static in 2024. Egypt experienced significant economic challenges in 2023 and 2024, which led to the currency’s devaluation and an inflation spike. Capricorn’s primary revenue generating assets are based in Egypt and there is a risk that further political or fiscal challenges may impact on business activities, including further pressures on the receivables balance. The Group received a notification relating to the 2020 sale of its Senegal assets, claiming that a registration duty and capital gains payment should have been paid on the transfer to Woodside of our PSC interests. Woodside, as recipient of the tax assessment, has filed an action with the High Court of Dakar disputing this assessment in Q3 2024. Woodside paid the full \$50m contingent consideration to Capricorn in January 2025.	Related KPIs A: Cash receipts from operations

Principal risk: **Failure to replace long-term reserves and resources**

Strategic objective Operational excellence	Owner: Chief Operating Officer	Risk appetite Medium – Reserves and resources replacement is an element of the sustainability of the Group and its ability to grow. Exposure to development, exploration and appraisal failure is inherent in accessing the upside potential of exploration and development projects.	
Impact <ul style="list-style-type: none"> – Inability to deliver Group strategy – Reduction in share price – Reputational damage 	Mitigation <p>Highly competent team applying a thorough review process to prospects and development opportunities, and a team of geoscientists with a track record of delivering success.</p> <hr/> <p>Maturation of opportunities within existing fields.</p> <hr/> <p>Positive and regular engagement with operators and partners to share knowledge, offer support and exert influence.</p> <hr/> <p>Ongoing work to technically mature the unconventional potential.</p>	2024 movement This risk remained static in 2024. <p>Following resumption of drilling activity in July, Capricorn has continued with its liquids focused strategy, principally focused in the BED area. We have been working closely with the operator, Cheiron, to manage the delivery of an optimised well sequence with a reduced rig count. Our strategy remains focused on managing the subsurface risk and extending the field limits of the Abu Roash G accumulations. A new development lease application was submitted in the first half of 2024, with the aim of securing the potential extension of such accumulations.</p> <hr/> <p>The prioritisation of the development drilling meant the exploration drilling was delayed until Q1 2025. Exploration drilling will resume in Q1 2025 with a work programme to fulfil the outstanding commitments on the West El Fayium (WEF), South East Horus (SEH) and North Um Baraka (NUMB) concessions. The operator is planning up to six exploration wells in total. The first of these wells, WEF-1X, spudded in February 2024. In addition to targeting several conventional objectives the well will also test the emerging Abu Roash unconventional play.</p> <hr/> <p>Reserves replacement has been aided by reservoir modelling work in BED to understand the water injection as well as the progress on the merged concessions which converts contingent resources to reserves.</p>	Related KPIs <p>B: Net production</p> <p>D: Net 2P entitlement reserves</p>

PRINCIPAL RISKS TO THE GROUP IN 2024-2025 CONTINUED

Principal risk: Underperformance of Egypt assets			
Strategic objective	Owner:	Risk appetite	
Operational excellence	Chief Operating Officer	Low – Delivering operational excellence in all the Group's activities is a strategic objective for the Group. The Group works closely with all JV partners to mitigate the risk and impact of any operational delay or underperformance. Therefore, the Group has a low appetite for risks, which may impact on operating cash flow.	
Impact	Mitigation	2024 movement	Related KPIs
<ul style="list-style-type: none"> – Delay or reduction in cash flow – Reserves downgrade or impairment – Cost/schedule overruns – Negative impact on asset value – HSSE incidents – Reputational damage 	<p>Actively engage with all partners early to establish good working relationships.</p> <p>Actively participate in operational and technical meetings to challenge, apply influence and/or support partners to establish a cohesive joint venture view.</p> <p>Conduct independent economic analysis on all investment opportunities. Only vote in favour of those that meet Capricorn's requirements.</p> <p>Actively monitor and look for wells and project delivery improvement opportunities, in liaison with our joint venture partners.</p>	<p>This risk decreased in 2024.</p> <p>2024 WI production on a produced basis averaged 23,763 boepd for the year. This was towards the high end of the FY24 20,000-24,000 boepd guidance.</p> <p>Over the year Capricorn focused on improving knowledge of and optimising the producing assets in Egypt with the goal of establishing a more predictable operations base. Working with our operating partner Cheiron, the Company prioritised liquid-focused operations in the BED area and efforts continue to actively manage reservoirs with water injection, to add production and reserves.</p> <p>Development drilling activity is planned to continue in 2025 with a continuation of the strategy that has been taken at BED. In addition, wells will be drilled on the Alam El Shawish West (AESW) concession, targeting the Abu Roash G (ARG) reservoir. Workovers are an important, cost-efficient mechanism to maintain production and Capricorn will continue to proactively high-grade opportunities, supporting the operator in prioritising economic projects.</p>	<p>A: Cash receipts from operations</p> <p>B: Net production</p> <p>C: Opex costs</p> <p>D: Net 2P entitlement reserves</p>

Principal risk: **Lack of adherence to HSSE policies**

Strategic objective Operational excellence	Owner: Chief Executive Officer	Risk appetite Low – The Group continuously strives to reduce risks that could lead to an HSSE incident to as low as reasonably practicable.
<p>Impact</p> <ul style="list-style-type: none"> – Serious injury or death – Environmental impacts – Reputational damage – Regulatory penalties and clean-up costs – Physical impacts of climate change 	<p>Mitigation</p> <p>Effectively managing HSSE risk exposure is a priority for the Board and management team.</p> <p>HSSE training is included as part of all staff and contractor inductions.</p> <p>Process in place for assessing an operator's overall operating and HSSE capabilities, including undertaking audits to determine the level of oversight required.</p> <p>Business resilience and emergency response procedures and equipment are maintained and regularly tested to ensure the Group can respond to an emergency quickly, safely and effectively.</p> <p>Third-party specialists in place to assist with security arrangements and travel risk assessments.</p> <p>Leading and lagging indicators and targets developed in line with industry guidelines and benchmarks.</p>	<p>2024 movement</p> <p>This risk remained static in 2024.</p> <p>The Group had no operated activities in 2024 and the key Capricorn controlled HSSE risks were office and travel based.</p> <p>Capricorn continued to monitor the HSSE performance of our operating partner in Egypt. The partner delivered a strong performance in relation to HSSE, achieving scores for total recordable injury rate (TRIR) and LTIF which were better than IOGP statistics. There were no recordable spills above the IOGP level to the environment.</p> <p>With ongoing non-operated activities in Egypt, the Group will continue to work with partners to responsibly deliver value for all stakeholders.</p> <p>Related KPIs</p> <p>F: Health and safety</p>

PRINCIPAL RISKS TO THE GROUP IN 2024-2025 CONTINUED

Principal risk: **Future challenges and costs as markets transition to net zero**

Strategic objective Prudent approach to risk management	Owner: Chief Executive Officer	Risk appetite Medium – The Group recognises global commitments to achieve a transition to lower carbon sources of energy. Capricorn’s strategy is to play a responsible and competitive role in the production of oil and gas within this transition. Capricorn acknowledges the contribution its activities have on carbon emissions, and the Group continues to develop short-, medium- and long-term actions to minimise and mitigate this contribution.	
Impact <ul style="list-style-type: none"> – Providers of capital limit exposure to fossil fuel projects – Increasing costs – Climate-related policy changes – Reduced demand for oil – Reputational damage – Retaining and attracting talent 	Mitigation <p>Measuring and reporting our GHG emissions in line with the Task Force on Climate-related Financial Disclosures (TCFD) and Streamlined Energy and Carbon Reporting (SECR).</p> <p>Promotion of efficient energy use in activities with business partners and service providers.</p> <p>Consideration of climate change in investment decisions.</p> <p>Portfolio resilience modelling based on the International Energy Agency’s (IEA) Sustainable Development Scenarios.</p> <p>Endorsement of Global Gas Flare Reduction Partnership.</p> <p>Alignment with UN SDGs.</p> <p>Active participation in industry initiatives.</p>	2024 movement This risk remained static in 2024. <p>Capricorn remains committed to its emissions reduction pathway with accelerated short- and medium-term GHG equity emission reduction targets. The short-term target will be achieved and the Group remains on track to meet the 2030 and 2040 targets. Capricorn continues to support decarbonisation initiatives relating to projects to reduce flaring, venting and fugitive emissions.</p> <p>Capricorn’s non-operated Scope 1 forms the majority of our overall emissions footprint, and emissions have been consistently lower within 2024 than our 2023 baseline. Total Scope 1 and 2 emissions in 2024 were 143,460 tCO₂e, which was lower than the 2023 emission baseline, which was reported last year as 226,900 tCO₂e.</p>	Related KPIs G: Scope 1 and 2 equity emissions

TCFD REPORTING

Capricorn Energy's climate-related financial disclosures made in the 2024 Annual Report are aligned with the TCFD's recommendations and recommended disclosures, consistent with the Financial Conduct Authority's LR9.8.6 requirement. We have analysed the impact of transition risks of climate change on our portfolio using the IEA's scenario analysis and have also assessed the potential impact of the physical and transition risks and opportunities of climate change on our assets.

We are continuing to develop good practices and standards for transparency consistent with TCFD recommendations. Our latest reporting includes 11 TCFD-recommended disclosures across four areas. Capricorn has completed the TCFD recommended disclosures consistent with the all sector guidance, as well as the supplemental guidance for non-financial groups, including the energy sector. Capricorn continues to monitor changes and updates within the UK ESG reporting landscape.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Capricorn attaches high importance to climate change considerations at Board level and throughout the organisation, together with our broader environmental, societal and governance responsibilities. In 2022, the Board established the Sustainability Committee, highlighting the importance of ESG matters within the Board and wider organisation. The committee was established to ensure dedicated time was allocated to discuss important matters in respect of Capricorn's role in the energy transition, including the identification of climate-related risks and opportunities. Emissions targets is also an important KPI in the determination of management and staff variable remuneration. Relevant principal climate-related risks and opportunities are reviewed and challenged with management four times a year, before they are presented at the Audit Committee.

During 2024, the Board:

- Received an ESG regulatory and reporting update from PwC. The update covered the current UK sustainability reporting landscape and potential future requirements.
- Received an update on Capricorn's decarbonisation initiatives in the Egyptian assets.
- Considered relevant principal climate-related risks and opportunities which were presented to the Board, at least four times during the year.

a) Describe the Board's oversight of climate-related risks and opportunities

Relevant principal climate-related risks and opportunities are recognised as a major concern for the planet, as well as the future of the oil and gas industry. The Board, supported by the Sustainability Committee, takes full responsibility for the governance of climate-related risks and opportunities

The Sustainability Committee

Overall, responsibility for the system of risk management, internal control and reviewing the effectiveness of such systems rests with the Board. Relevant principal climate-related risks and opportunities are presented to the Board, at least four times per year.

Capricorn uses risk registers, described in the risk management section on page 15, to identify and report climate-related risks and opportunities and the associated mitigation measures. Reporting of these risks and opportunities within the organisation is structured so that risks are escalated through various internal management channels to relevant Board committees and to the Board itself. Relevant principal climate-related risks and opportunities are discussed, as noted, during risk discussions but also when considering annual work programmes and budgets, acquisitions and divestments, and when considering annual performance objectives.

b) Describe management's role in assessing and managing climate-related risks and opportunities

Capricorn's CEO takes ultimate responsibility and accountability for the Company's ESG policy, including climate-related strategy and targets. The Chair of Capricorn's Board is the Director responsible at the Board level.

Capricorn's Board reviews climate and energy transition issues, concerning both Capricorn's own position and risk management, and international policy and stakeholder drivers. The Board and Audit Committee also perform a regular review of the Group principal risk register

and associated controls and actions. This offers management and the Directors an opportunity to agree on and challenge the relevant principal climate-related risks and opportunities.

The risk and compliance team are responsible for monitoring the fast-changing external environment, including the regulatory and technological spheres, with relevant principal climate-related risks and opportunities discussed on a regular basis with the Company's senior leadership.

With ESG embedded within Capricorn's KPIs, all departments benefit by ensuring the Company remains on track to fulfil its emissions targets. This includes overseeing Capricorn's carbon emissions from existing assets and ensuring that new opportunities are in line with the Company's net zero commitments.

The risk and compliance team are responsible for TCFD reporting, including scenario modelling to assess the impact of transition risks of climate change on Capricorn's portfolio. In conjunction with HSE, risk and compliance also support the development and implementation of decarbonisation initiatives for the Group's non-operated assets. The decarbonisation initiatives implemented within 2024 have been described within the Environmental, Governance, People and Social section.

Climate-related risk mitigation is embedded into Capricorn's culture, as climate impact becomes a key strategic consideration across different business functions. For example, screening of new opportunities is underpinned by resilience testing against transition risks of climate change. Energy efficiency and carbon emissions are also considered in selecting contractors for drilling, marine and aviation services. The most polluting products and services are eliminated from the tender process. Capricorn also uses a commuting emissions app with the dual benefit of expanding Capricorn's reporting disclosure capability, in addition to helping inform staff of their direct emissions.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term

In developing our strategy, Capricorn's Board and leadership team consider a wide range of opportunities and risks across three discrete time horizons.

Short term (to 2025): The next year is defined by detailed business and financial plans, which are performance managed in delivery of our 2025 and 2030 targets.

Medium term (to 2030): Looking out to the end of the decade enables us to consider our progress towards the long-term targets and adjust course of action if required.

Long-term (post-2030): We use a scenario planning approach – IEA's Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions (NZE) scenarios – to account for a wide range of uncertainties in the post-2030 period. Our aim is to ensure we have a resilient portfolio, which will deliver value to key stakeholders in the most ambitious climate scenario.

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

a) Describe the organisation's processes for identifying and assessing climate-related risks

The Group's framework for risk management promotes a bottom-up approach to risk management with top-down support and challenge. Climate-related risks and opportunities and the associated mitigation measures and action plans are maintained in a series of risk registers at Group, asset, function and project level. The Group uses a number of tools to identify climate related risks including, but not limited to, hazard identification, social impact assessments and environmental hazard identification.

Climate-related risks are classified in alignment with TCFD's description of physical and transition risks:

Transition risks – risks related to the transition to a lower carbon economy including policy and legal, technology, markets, and reputational risks.

Physical risks – risks related to the physical impacts of climate change including event-driven risks such as changes in the severity and/or frequency of extreme weather events.

The Group has established impact criteria, which assigns a score of one to five for impact and probability of occurrence. This drives the overall assessment of the risk and will determine if the risk is within the appetite limits. Material risks for Capricorn are risks with a score of 15 (out of 25) and above. The Group has identified one principal risk in relation to climate change – future challenges and costs as markets transition to net zero. The transition and physical risks identified on the next page are child risks to the principal risk and their impact and likelihood are aggregated to calculate the principal risk score.

Further information is included in the risk disclosure page on page 22.

b) Describe the organisation's processes for managing climate-related risks

Climate-related risks and opportunities, and the associated mitigation measures and action plans, are maintained in a series of risk registers at Group, asset, function and project level. Risk registers are maintained using Microsoft Excel. The Group applies one of the 4Ts to each risk: Tolerate, Treat, Transfer or Terminate.

All risks categorised as Treat are required to have actions assigned to them to reduce the impact or likelihood of the risk occurring. Reporting of these risks within the organisation is structured so that risks are escalated through various internal management, Board committees and to the Board itself for challenge and oversight. Further information on the risk, appetite levels, impacts and mitigations can be found on page 22 and on pages 25-27.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Climate-related risks are captured at various levels within the Group and in line with the Group process for risk management. All projects, be it a drilling project, an acquisition opportunity or a new country entry, are required to maintain a risk register. Project teams are multi-disciplined, which ensures that all categories of risk, including climate-related risks, are identified, assessed and managed.

There is also a dedicated ESG risk register, which identifies the strategic climate-related risks. This risk register is maintained by the Risk and Compliance Manager and is reviewed twice a year. This ensures all climate-related risks are integrated into the Group's overall risk management processes and will be presented and challenged at various forums within the Group.

Capricorn considers the following risks to be key climate related risks in the short, medium and long-term.

Type	Climate-related risks	Metric	Capricorn's response
Transition risks	Policy and legal (medium to long-term)		
	Implementation of carbon pricing mechanisms in both compliance and non-compliance markets.	EU/UK compliance markets – carbon prices \$100/tCO ₂ e and \$110/tCO ₂ e by 2030, respectively.	In line with IEA and other energy companies in the EU and UK compliance markets, we use carbon prices of \$100/tCO ₂ e and \$110/tCO ₂ e by 2030, respectively. For other regions, where carbon price is not currently applicable, we use our internal carbon pricing assumptions starting at \$36/tCO ₂ e in 2024, rising to \$50/tCO ₂ e in 2030.
	Changes in legislation and country policy.	Within the voluntary market we use – \$36/tCO ₂ e in 2024, rising to \$50/tCO ₂ e in 2030 as our base case.	Use of long-term oil price assumptions that consider the demand effects of global carbon taxation.
	Exposure to litigation.		Continued efforts to decarbonise operations.
		Tracking of oil and gas policy decisions for countries of operation.	Ongoing monitoring of policy and legislation development in countries of interest.
	Technology (medium to long-term)		
	Increasing costs of transition to lower emissions technology.	Internal and joint venture budget tracking and monitoring.	Implementation of decarbonisation technologies at the field level in Egypt.
	Substitution of existing products and services with lower emissions options.		Increase in production within the portfolio, with decarbonisation options, including carbon capture, utilisation, and storage (CCUS). Application of inherently lower emission equipment and contractor services.
	Market (medium to long-term)		
	Decline in oil demand and oil price.	Monitoring of energy demand indices (e.g. IEA).	Low-cost portfolio, generates value in a 1.5 degree scenario.
	Faster than expected shift away from gas, leading to lower gas prices.		Embed low oil and gas prices, as well as carbon prices when screening for new investments. Ensure strong balance sheet, low leverage, strong free cash flow generation.
	Changing market sentiment as consumers switch away from fossil fuels.		
	Access to capital.		
	Increased cost of raw materials		
	Reputation (short term)		
Public perception of how the oil and gas industry is changing.		Maintain transparency relating to all ESG issues. Comply with the highest reporting standards.	
Lack of trust in the oil and gas industry's net zero ambitions.		Ensure continued engagement with external stakeholders.	

TCFD REPORTING CONTINUED

Capricorn considers the following risks to be key climate-related risks in the short, medium and long-term.

Materiality	Chronic (long-term)	Risk exposure	Risk impact	Capricorn's response	
Climate scenarios					
<p>Physical risks</p> <p>These identified physical risks apply to Capricorn's current portfolio of 12 physical assets, all of which are in Egypt. Currently, our Egyptian assets represent 100% of our production portfolio and therefore are considered our core assets and highest priority within the portfolio.</p> <p>Capricorn's portfolio was modelled based on exposure to climate risk, from current scenarios of 1.5°C warming through to 2050, reviewing both 2-3°C and 4°C warming scenarios.</p> <p>It was identified that portfolio risk exposure was consistently scored as very high for drought and heat stress from current day through to 2050.</p> <p>A key outcome of physical risk modelling of Capricorn's portfolio is that operations already take place in very high drought exposed and heat stress environments, with little impact on production.</p>	Drought	>2030 +1.5°C	>6 months drought duration for all scenarios from now to 2050.	<p>Likelihood: probable (all climate scenarios)</p> <p>Drought may cause increases to the cost of freshwater supply as well as impact to raw materials from suppliers, who may be impacted by freshwater scarcity.</p> <p>However, it is reasonable to assume that Capricorn Energy will adapt to these conditions, in view that the business already operates in highly drought exposed regions.</p> <p>Drought stress (prolonged periods of rain and water shortage) has been identified as the most material risk in the 2040-50 timeframe.</p>	<p>Short-term response – undertaken</p> <p>Water conservation practices including efficient water use through public awareness campaigns, installing water-saving devices, and promoting practices like rainwater harvesting.</p> <p>Diversification of water sources including reducing the reliance on a single water source by developing alternative sources such as desalination plants, recycled wastewater, and groundwater recharge.</p> <p>Helping our communities adapt to physical risks, for example our corporate social responsibility (CSR) project in Egypt, which delivered 80 50m³ water tanks, basic livestock veterinarian training, health checks and livestock to communities close to our producing assets.</p>
		2050 2-3°C			
		2050 4°C			
	Heat stress	>2030 +1.5°C	80-180 days in a heatwave.	<p>Likelihood: probable (all climate scenarios)</p> <p>Heatwaves can affect labour productivity/work performance as well as talent attraction.</p> <p>Operationally, high temperatures could cause gas and fluid leaks in pipelines, storage tanks and welded joints, resulting in environmental damage.</p> <p>Heat stress can also lead to higher operational costs associated with the additional energy required to cool buildings and equipment.</p>	<p>Short-term response – propose action</p> <p>Ensure there is proper ventilation and cooling, including installing fans, air conditioning, or evaporative coolers to maintain a comfortable temperature for workers.</p> <p>Ensure easy access to cool drinking water and encourage regular hydration and provide electrolyte-replenishing drinks to maintain proper hydration levels.</p> <p>Capricorn will maintain a good practice fire loss control maintenance and mitigation regime.</p>
		2050 2-3°C			
		2050 4°C			

Capricorn has recognised and is currently working on scoping and implementing a number of climate-related opportunities.

Type	Climate-related opportunities	Capricorn's response
Energy source/resilience (short to medium term)	<p>Use of lower-emission sources of energy shift toward decentralised energy generation.</p> <p>Use of supportive policy incentives.</p> <p>Use of new technologies.</p> <p>Participation in carbon market.</p>	<p>In Egypt, we are replacing diesel generators with cleaner-burning gas generators, electrifying well sites and downhole pumps using centralised power generation and exploring the use of flare gas to produce hydrogen to reduce our reliance on diesel and gas.</p> <p>We have completed a CCUS feasibility study in Egypt.</p> <p>We are actively engaged in voluntary carbon markets. We have acquired a portfolio of high-quality carbon offsets, including nature-based, landfill gas and refrigerant gases sequestration.</p>
Resilience (long-term)	<p>Resource substitutes/diversification.</p>	<p>We are evaluating clean energy diversification opportunities, including diesel substitution and the application of methane pyrolysis.</p>
Products and services (short to medium term)	<p>Development and/or expansion of low emission goods and services (short term).</p>	<p>When operating assets, to minimise energy use in drilling operations and associated activities without compromising safety or cost, we assess the fuel consumption of rigs, vessels and helicopters as part of the tender process. Lower energy consumption – and therefore emissions – could provide a point of differentiation if other technical and commercial considerations are comparable. We already trialled this approach when tendering vessels for geophysical and geotechnical survey work in the UK and Mauritania (both exited). We will strive to align our supply chain products and services with our own emission reduction target of net zero by 2040.</p>
Resource efficiency (short to medium term)	<p>Use of more efficient production and distribution processes (short to medium term).</p> <p>Use of recycling (short term).</p> <p>Move to more efficient buildings and transport (short term).</p>	<p>We seek to continuously improve the performance of our operating assets, reducing their carbon intensity, including elimination of flaring from our operations in Egypt.</p> <p>We work internally to reduce our carbon footprint within our office environment, for example paper consumption and recycling.</p> <p>We have relocated to a smaller open-plan office, which is considerably more efficient at distributing heat.</p>

Our emissions reduction pathway in action

Focus on equity Scope 1 and Scope 2 net zero by 2040 with emission reduction targets of 15% by 2025 and 30% by 2030.

Zero routine flaring

First UK independent to commit to World Bank Zero Routine Flaring by 2030.

Portfolio resilience

Current portfolio creates value in stringent transition scenario testing.

Clear principles underpin target

Avoid, reduce and substitute

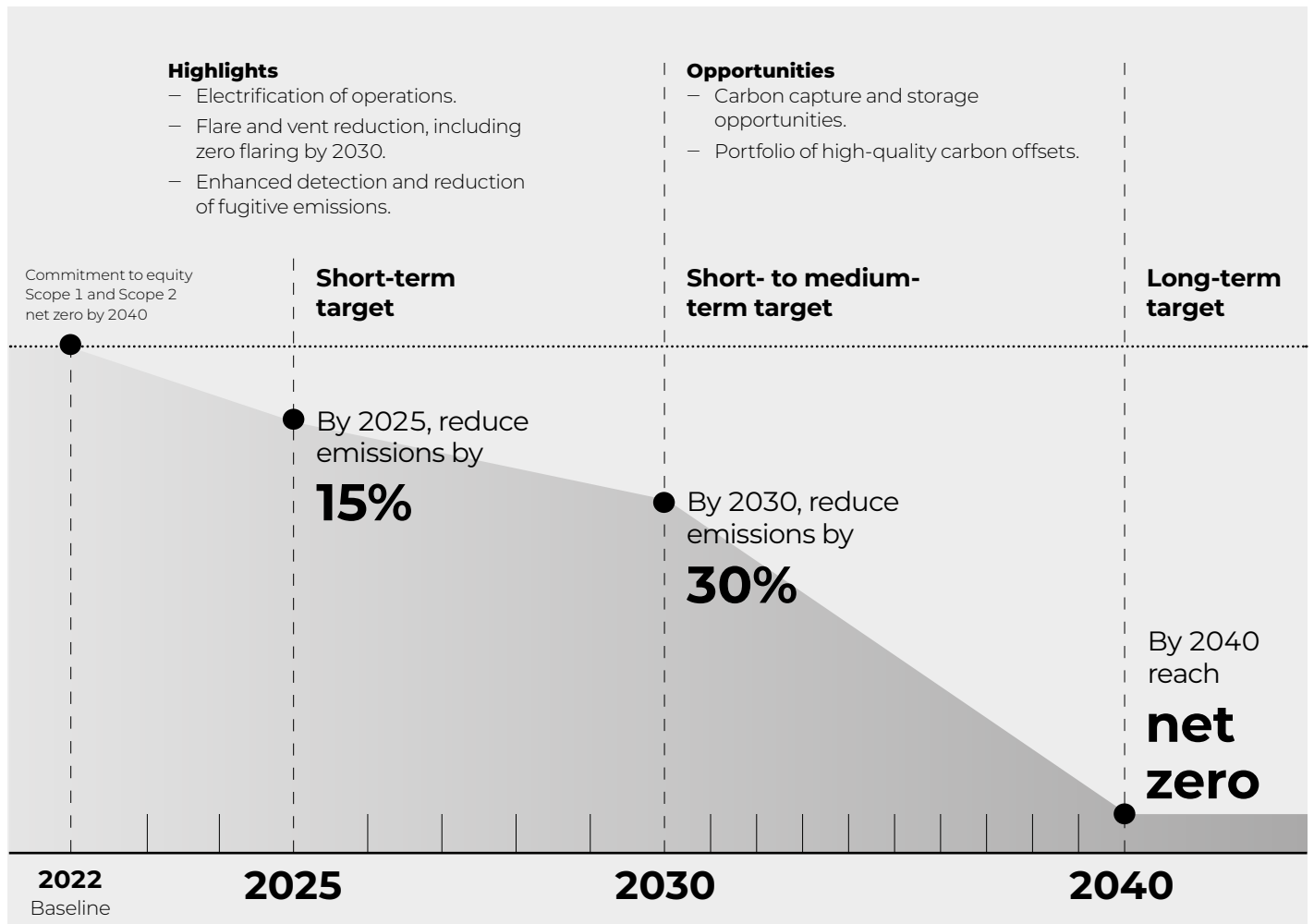
- Power generator rationalisation and fuel substitution of diesel for clean-burning gas progressing.
- Electrification of BED area with completion in Q1 2025.
- North East Abu Gharadig 2 (NEAG 2) power centralisation concept select underway including solar PV evaluation.
- Exploring feasibility for installation of waste heat recovery units at Obaiyed Central Processing Platform.
- Flare gas recovery and optimisation activities at AESW and NEAG.
- Assessing methane monitoring solutions. Satellite data is being utilised and a programme has been established to train engineers on the new FLIR GFX320 camera which is used for leak detection and maintenance/repair.

Sequester

The joint venture completed a technical feasibility study to identify candidate subsurface storage sites at our BED and Obaiyed concessions.

Offset

Capricorn has a portfolio of high-quality carbon offsets.



b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Capricorn is fully incorporating climate change-related risks and opportunities into its investment decision-making. Our capital allocation decisions are made using rigorous planning assumptions, informed by climate change and energy transition scenario analysis. We carefully consider the environmental performance of assets and opportunities as part of our screening process, underpinned by our net zero commitment. This commitment also drives our decarbonisation strategy.

All new oil and gas opportunities are screened at gas price (adjusted for certain regional markets). We also consider a range of other scenarios as part of our opportunity screening process.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The TCFD recommends the use of scenario analysis in disclosure of climate-related risks and opportunities. Scenario analyses aligned with the TCFD framework help companies explore different futures and the implications of climate-related circumstances on business strategy.

The findings of the recently conducted scenario analysis exercise, which tested the resilience of Capricorn's Egypt portfolio against IEA's STEPS, APS and NZE scenarios, showed that our assets will generate value in the most ambitious climate scenario, aligned with a 1.5 degree warming. This gives us confidence that our valuation and planning assumptions are robust and that we will continue to create value for all key stakeholders – even in the most aggressive carbon reduction scenario.

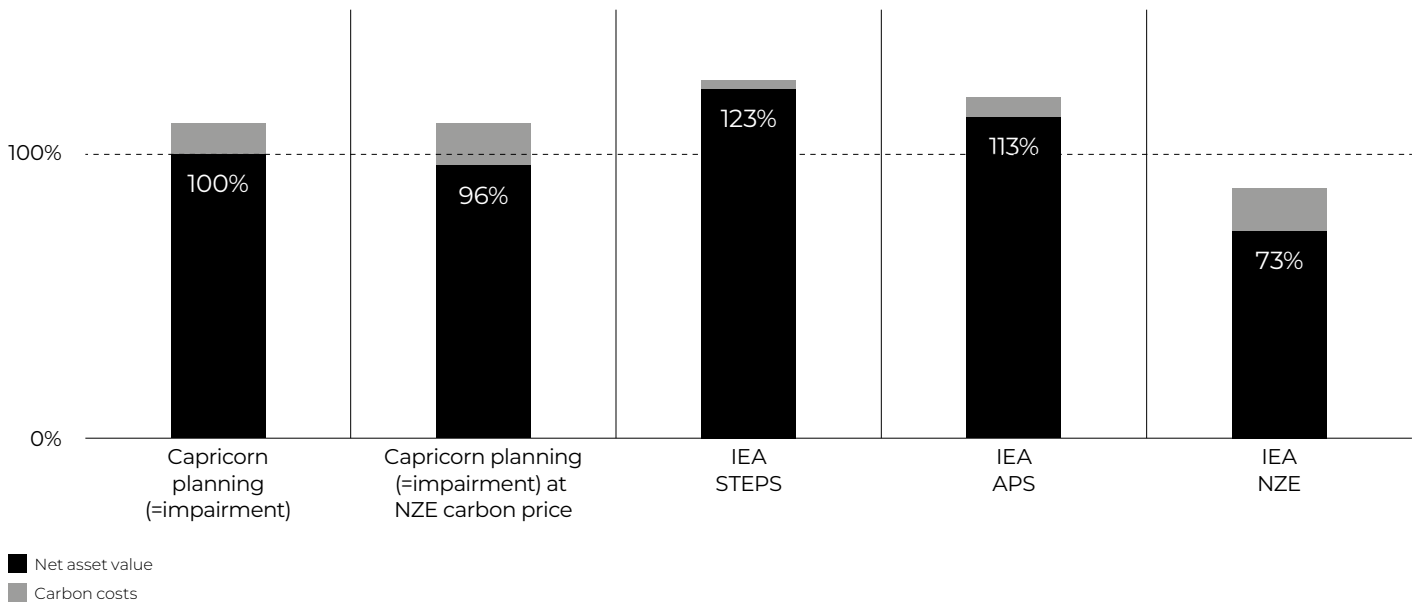
Capricorn's assumptions used for our financial planning and balance sheet impairment testing include \$65/bbl.

(flat) oil price (long-term, inflated at 3% from 2027) and carbon prices of \$36/tCO₂e in 2024, rising to \$50/tCO₂e in 2030. Carbon prices were applied to Scope 1 and 2 emissions from Capricorn's Egypt operations.

The scenario analysis shows that our Egyptian production portfolio, when modelled using IEA's NZE carbon prices, delivers 96% of the value we drive from our financial planning purposes. Capricorn's portfolio outperforms our planning scenario by 23% in the Stated Policies Scenario (STEPS) and 13% in the Announced Pledges Scenario (APS).

IEA scenarios are modelled using IEA's assumptions associated with each of the scenarios. IEA scenarios: STEPS assumes policies and targets announced by governments are enacted and estimates an average temperature rise of 2.7°C (up to 3.3°C). APS sees an accelerated transition to a low-carbon world and projects a 66% chance to limit temperature rise to 1.8°C and a 50% chance to limit it to 1.65°C. NZE scenario is aligned with the Science-Based Targets initiative, limiting the global warming to 1.5°C by 2100 compared to pre-industrial levels.

Egypt: Asset value relative to Capricorn planning case net asset value, including carbon costs



TCFD REPORTING CONTINUED

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Capricorn's principal metrics and targets used to assess and manage climate-related risks and opportunities are presented in the table below.

TCFD recommended disclosures	Risk and opportunity	Targets/metrics
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Transition and physical risks, including policy, market and long-term chronic effect of global warming. Opportunity to invest in clean projects, with carbon pricing risk-adjusted returns fully recognised. Participation in carbon market. Improved resilience of the existing portfolio.	<p>For carbon prices within the voluntary market, we use \$36/tCO₂e in 2024, rising to \$50/tCO₂e in 2030 as our base case.</p> <p>For emissions, we measure progress against our 2022 baseline.</p> <ul style="list-style-type: none"> – Monitoring of energy demand indices (e.g. IEA). – Remuneration policy with embedded climate-related targets; see page 58. – Pro-active engagement with our employees on commuting to increase awareness and help deliver net zero. – Key assumptions: commodity prices for opportunity screening and financial planning. – Internal and joint venture budget tracking and monitoring for products and services.
	Rising water stress, including conflicting uses and availability.	<p>Aqueduct water-risk atlas – Egypt identified as a high-water stress area.</p> <p>Capricorn's environmental impact; see pages 10-13.</p>
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	Measurement and disclosure of GHG emissions from Scope 1, 2 and 3 help emissions management and creation of a clear pathway to net zero. Risks include exposure to carbon price due to changes in policy, as well as significant reputation risks if emissions are not managed.	<p>Equity Scope 1 and 2 net zero by 2040 with interim targets of 15% by 2025 and 30% by 2030; see page 9 and our Data Tracker on our website.</p> <p>Scope 1 and Scope 2 emissions for 2024 and trends on an operational and equity basis are outlined within our Data Tracker.</p> <p>We have undertaken reporting of our Scope 3 emissions to include emissions from categories 1, 3, 4, 5, 6 and 7 (operated) and 9, 10 and 11 (equity), for further details please see our Data Tracker.</p> <p>TCFD climate-related risk and management; see page 24.</p>
		<p>Climate-related KPIs, which are assessed as being strategically important to the Group, are annually set by the Board. Targets are typically linked to emissions reductions and environmental reporting risks and opportunities.</p> <p>Equity Scope 1 and 2 net zero by 2040 with interim targets of 15% by 2025 and 30% by 2030; see page 9.</p> <p>Flaring and planned progress; see our Data Tracker on our website.</p>
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Summary of targets aimed at helping achieve our net zero strategic goal. Given the dynamic nature of Capricorn's portfolio, we will use 2022 as a baseline year on our journey to carbon neutrality.	

FINANCIAL & OPERATIONAL REVIEW

2024 Financial and operational highlights

- Development drilling in Egypt concentrated on a liquids focused strategy
- Revenues of \$147m; with an average oil price of \$79.3/boe and gas price of \$2.9/mscf
- Production costs of \$42m, equivalent to \$4.8/boe on a WI basis
- \$63m capex on Egypt producing assets
- Group net cash of \$23m; comprising \$123m cash and \$100m debt
- WI Egypt oil and gas production of 23,763 boepd at the upper end of guidance of 20,000 - 24,000 boepd, comprising 44% liquids; net entitlement sales volumes 9,737 boepd
- Net cash inflows of \$66m from Egypt operations post-capex, including \$135m cash receipts
- Egyptian receivables position of \$184m with \$9m expected credit loss adjustments
- Gross G&A of \$24m*
- \$57m cash returned to shareholders via a \$50m special dividend paid in June 2024 and \$7m share buyback completed in November 2024
- Profit of \$11m; loss from continuing operations of \$12m, profit from discontinued operations of \$23m

* Before depreciation and share-based payment charges including \$2m legacy costs

2025 Outlook

- Post year end \$50m Senegal contingent payment received from Woodside in January 2025
- Production in 2025 is guided in the range of 17-21,000 boepd, 39% of which is forecast to be liquids
- Capex guidance of \$85m - \$95m
- In 2025 operating costs are forecast to be \$5-7/boe
- Completion of a new concession agreement, consolidating the eight existing concession agreements where we have an equal share with Cheiron into a single, integrated agreement in preparation for final approval by the Egyptian competent authorities. The Alam El Shawish West (AESW) joint venture (20% WI) is also expected to commence negotiations to improve the concession agreement terms in 2025
- Development drilling will continue to focus on the delineation and development of the Abu Roash G (ARG) reservoir in Badr El Din (BED) and the continuing implementation of waterflood. In Q1 2025 two wells will be drilled on the AESW concession, targeting the ARG reservoir
- Exploration drilling in Egypt commenced in February 2025 with the spudding of WEF-1X, the first of up to six wells, fulfilling outstanding commitments on the South East Horus (SEH), West El Fayoum (WEF) and North Um Baraka (NUMB) concessions.
- M&A opportunities in the UK North Sea and MENA region continue to be evaluated in line with our strict set of strategic, financial and returns criteria to diversify and expand our operations
- The Company will continue to pursue the recovery of Waldorf's missed payment of \$22.5m and the additional \$7m should the Columbus acquisition expire on the long stop date (31 March 2025)
- Post year end \$25m Shell contingent payment paid
- Post year end appointed Canaccord Genuity Limited as joint corporate broker

Reserves

Capricorn engaged GLJ Ltd. (GLJ) to undertake an independent oil and gas reserves evaluation on the Company's Egypt assets, to document the 2024 year end reserves position. GLJ undertook a full review of the producing assets and the inventory of new well opportunities to assess total proved developed producing (PDP), total proved (1P), total proved plus probable (2P), and total proved plus probable plus possible (3P) reserves. The reserves were prepared in accordance with the latest SPE Petroleum Resources Management System (PRMS) approved definitions of Reserves and Resources. GLJ based their evaluation on information and data provided by Capricorn. The highlights of the reserves report are summarised below:

- Relative to year end 2023, 2024 production reduced net entitlement interest reserves by 3.6 mmmboe
- Developed reserves additions in 2024 replaced 24% of production with 98% of this addition occurring in the BED area
- 54% of the 2P reserves are categorised as undeveloped
- The net present value (NPV) of future net entitlement revenues, discounted at 15% (NPV15) for the 2P basis is \$169m.

Upon ratification of the new terms associated with the consolidation of the eight development concessions held equally with Cheiron, Capricorn intends to publish an updated competent persons report to describe the improved impact on the reserves position of these new terms and licence extension. A similar process of concession agreement renegotiation has begun on the nearby AESW block where the Company has a 20% working interest.

2P Oil & Condensate reserves (mmbbo)		2P Natural Gas (bcf) Reserves		Total 2P Reserves Boe (mmbboe)	
Net WI	Net Entitlement	Net WI	Net Entitlement	Net WI	Net Entitlement
17.8	7.0	125.9	48.3	40.3	15.6

FINANCIAL & OPERATIONAL REVIEW CONTINUED

Production

WI production in 2024 across the four main concession areas of Obaiyed (Capricorn 50% WI), BED (Capricorn 50% WI), North East Abu Gharadig (Capricorn 26% WI) and AESW (Capricorn 20% WI) averaged 23,763 boepd (44% liquids) for the year, at the upper end of the guidance range for WI production of 20,000 - 24,000 boepd.

Over the year Capricorn focused on improving knowledge of and optimising the producing assets in Egypt with the goal of establishing a better understanding of resource potential and correspondingly forecasting of future production. Working with our operating partner Cheiron, the Company prioritised liquids focused operations in the BED area and efforts continue to actively manage reservoirs with water injection, to add production and reserves. Cash receipts totalled \$135m during the year across all concessions.

Development drilling activity is planned to continue in 2025 with a continuation of the strategy that has been taken at BED. In addition, wells will be drilled on the AESW concession, targeting the ARG reservoir. Workovers are an important, cost-efficient mechanism to maintain production and Capricorn will continue to proactively high-grade opportunities, supporting the Operator in prioritising economic projects. Capricorn anticipates that the consolidation of the eight development concessions shared equally with Cheiron will provide a catalyst for increased development activity and work is progressing with the Operator to ensure operational readiness and a comprehensive understanding of the opportunities across the portfolio.

Exploration

Exploration drilling resumed in Q1 2025 with a work programme to fulfil the outstanding commitments on the WEF, SEH and NUMB concessions. The Operator is planning up to six exploration wells in total. The first of these commenced in February with the WEF-1X well. In addition to targeting several conventional objectives the well will also test the emerging Abu Roash unconventional play.

FINANCIAL REVIEW

Key production statistics

	Year ended 31 December 2024	Year ended 31 December 2023
Production – net WI share (boepd)	23,763	30,044
Sales volumes – net EI oil (boepd)	3,847	5,367
Sales volume – net EI gas (mscfd)	32,980	38,049
Average price per bbl (\$)	79.3	81.2
Revenue from production (\$m)	147	200
Average production costs per boe (\$)	4.8	5.4

Profit/(Loss) for the Year

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Profit/(Loss) from the Egypt business operating segment	1	(60)
Loss from other Group continuing operations	(13)	(82)
Profit/(Loss) from discontinued operations	23	(2)
Profit/(Loss) after taxation	11	(144)

Egypt business operating segment results

In Egypt, total revenue was \$147m (2023: \$200m). \$112m (2023: \$159m) was generated on sale of liquids with an average price of \$79.3 per bbl (2023: \$81.2 per bbl) on net entitlement sales volumes of 1,408,300 bbls (2023: 1,959,000 bbls). Gas revenue was \$35.2m (2023: \$40.8m) from volumes of 12,071,000 mscf (2023: 13,887,800 mscf) at the contracted rate of \$2.9/mscf (2023: \$2.9/mscf). Additional expected credit loss provisions against revenue receivable led to a charge of \$4m (2023: \$9m) to the Income Statement.

Cost of sales in the year were \$42m (2023: \$60m), including inventory movements. Production costs decreased slightly to \$4.8 per boe (2023: \$5.4 per boe), on working interest production over the year, while depletion charges were \$85m (2023: \$120m), at a weighted average rate of \$25.2 per boe (2023: \$22.8 per boe) across the concessions.

Capricorn records other income on additional production that is notionally allocated to the Group to cover tax due on profits from the concessions. This is offset by an equal and opposite tax charge. In the current year, the value of this income and notional tax gross-up is \$30m (2023: \$54m).

At the balance sheet date, Capricorn and our partner Cheiron were sufficiently advanced in negotiations with EGPC to amend the terms of the concession agreements on the 50:50 concessions in the BED and Obaiyed areas to allow the modified terms and extended field lives to be incorporated into fair value models used for impairment testing, now

performed on a single cash generating unit. The increase in value generated through the expected terms of the new concession is sufficient to reverse previously recorded impairment across the Obaiyed concession area. \$16m of an impairment reversal was recorded in the year, with a related deferred tax charge of \$7m. In the prior year, impairment was recorded on producing assets of \$29m and goodwill of \$15m. Related deferred tax credits were \$67m. Impairment of goodwill does not reverse in subsequent years.

A fair value loss of \$5m (2023: \$8m) on the mark-to-market valuation of deferred consideration due relating to the 2021 business combination was recorded in the year, increasing the final instalment due under this transaction to the maximum \$25m, which was paid in January 2025.

Net finance costs in Egypt of \$18m (2023: \$17m), includes loan interest and charges and the total tax charge on Egypt operations for the year is \$32m (2023: \$40m), being the tax gross-up charge of \$30m and a deferred tax charge of \$2m.

Results from other continuing operations

The loss on other continuing operations of \$13m (2023: \$82m) includes unsuccessful exploration costs of \$6m (2023: \$18m) with no further general exploration costs in the year (2023: \$16m) as the Group ceased all exploration activity outside Egypt. \$5m (2023: \$16m) of unsuccessful exploration costs related to Mexico and \$1m to historic UK licences (2023: \$2m across all other countries). Capricorn continued to monitor opportunities to

add producing assets to the portfolio, particularly in the UK and MENA, with costs relating to business development activities absorbed within administration charges in the current year.

Net finance income of \$7m (2023: \$14m) includes interest earned on cash and cash equivalents of offset by finance charges and foreign exchange losses, the lower values in the current year a reflection of reduced cash on the balance sheet following last year's shareholder returns.

A current tax credit of \$5m (2023: nil) was recorded in the year in respect of tax refunds due on tax withheld on dividends due from shares previously held in India. The dividends themselves remain subject to ongoing legal challenge and remain a contingent asset.

General and administrative costs (G&A)

Following the restructuring of Capricorn across 2023, reducing the Group's overhead charge has been a key priority. Gross departmental administration charges of \$24m (2023: \$79m), excluding non-cash depreciation and amortisation charges and share-based payment charges, include redundancy payments in 2023 of \$16m. Once remaining historic legacy contracts end, Capricorn expects to achieve further savings bringing total gross G&A down to the Board's stated target of ~\$20m per year after adjusting for inflation.

Net administration costs were \$24m (2023: \$62m) after including the non-cash items above and after deducting timewriting recharges to assets. \$3m of net administrative costs related to Egypt (2023: \$2m) with the remaining \$20m (2023: \$60m) incurred in the UK.

Discontinued operations

The Group made a profit from discontinued operations of \$23m during the year following recognition of \$50m Senegal contingent consideration offset by losses of \$27m relating to historical transactions in the North Sea. No provision for any possible Senegal tax liability has been recorded.

Settlement of earnout consideration due on disposal of UK Producing assets

Under the 2023 settlement agreement Capricorn was due to receive \$22m in January 2025 and Waldorf's 25% WI in the Columbus gas field in the UK North Sea. However, Waldorf's ongoing default on its obligations make it highly unlikely that the \$22m will be received in full and Capricorn have reduced this receivable to \$2m in the balance sheet, reflecting Waldorf's revised settlement offer. The Columbus transfer is also not expected to complete and the related \$7m long-term receivable has been fully impaired. A \$26m loss has been

recorded in the year (2023: net loss of \$2m, being a fair value loss on earnout receivable of \$40m and a loss on completion of the settlement agreement of \$2m offset by a refund of historic costs of \$4m and interest received on earnout payments due of \$2m).

Further consideration on Senegal asset sale and ongoing tax assessment

Capricorn disposed of its interests in Senegal in 2020. Under the sale agreement, Capricorn was due further consideration of \$50m which was received in January 2025. As all conditions relating to the payment of this additional consideration had been met by the balance sheet date, the receivable was recorded during the year, generating income of the full \$50m.

In November 2023, Capricorn received notice under the sales agreement from the purchaser, that it had received an assessment from the Senegal tax authorities relating to operations in Senegal, with two assessments raised that could impact Capricorn relating to capital gains tax and registration duties. Capricorn's belief is that neither claim is valid and is working with the purchaser to defend the Group's position. No provision has been made in the financial statements at the year end and it is increasingly likely that international arbitration will be required to resolve this disputed assessment.

Net cash outflow for the Year

	\$m
Opening net cash as at 1 January 2024	76
Dividend paid and share repurchase	(57)
Net cash inflow from Egypt operations 1	106
Net cash inflow from UK discontinued operations	2
Exploration expenditure – Legacy assets	(1)
Development expenditure – Egypt	(40)
Deferred consideration – Egypt	(25)
Proceeds on disposal of financial asset	3
Administration expenses, corporate assets, and office lease costs	(22)
Net finance costs, equity and other movements	(20)
Tax refund	1
Closing net cash as at 31 December 2024	23

1 Operating cash flow from Cash Flow Statement of \$86m, plus add back of \$20m of administrative and other costs reallocated

Cash and cash equivalent balances at 31 December 2024 of \$123m (2023: \$190m) were offset by borrowings in Egypt of \$100m (2023: \$114m), excluding prepaid facility fees and accrued interest. Cash held outside of Egypt was \$78m (2023: \$184m), while the net debt of the Egypt business was \$54m (2023: \$106m). Capricorn have committed not to inject further cash into the Egypt business, other than to meet committed exploration spend and deferred consideration payments, both covered by Parent Company Guarantee. Loan facilities are non-recourse to the Group's non-Egypt assets. Restricted cash balances of \$3m (2023: \$5m) and \$46m (2023: \$5m) exist in the UK and Egypt respectively. Egypt restricted cash may be used to fund non-operated concessions in Egypt and make principal and interest payments on the loan facilities.

Total loan repayments in the year were \$14m (2023: \$48m). The facilities are subject to bi-annual redetermination processes. During the latest redetermination process, the modelling bank discovered an error in its model that had been present since inception and should have resulted in higher repayments falling due from September 2023 onward. Following positive discussions with lenders to resolve this error, the borrowers agreed to higher than previously modelled repayments falling due on the Senior Facility in Q1 2025, with the remaining amounts repayable across 2025 and 2026 as previously forecast. The higher cash balances held in Egypt at the 2024 year end reflect the expected principal and interest payments due to lenders in Q1 2025. The latest banking model was approved in February 2025 and therefore the balance sheet classification of amounts falling due within and greater than one year do not reflect the latest changes.

FINANCIAL & OPERATIONAL REVIEW CONTINUED

Balance Sheet

The Group's net asset position at 31 December 2024 is summarised as follows:

	\$m
Development assets and goodwill – Egypt	222
Other long-term assets	13
Working capital – non-Egypt	124
Cash and cash equivalents	78
Trade and other receivables and payables, and provisions	46
Working capital – Egypt	31
Trade and other receivables and payables, and inventory	85
Net debt, including total loan liabilities and unamortised facility fees	(54)
Lease liabilities due after one year	(5)
Well abandonment provisions due after one year	(7)
Deferred consideration on business combination	(25)
Net deferred tax liabilities	(4)
Net assets	349

Development assets and goodwill

Over H1 2024, Capricorn did not approve further drilling activity in Egypt until there was an improvement in the receivables positions from EGPC. By the end of February 2024, only one rig was operating, completing pre-approved producing wells, down from a maximum of six during 2023. Receipts of \$93m across H1 2024 led to a resumption of a three-rig drilling programme in late June 2024. A further \$43m was received in H2 2024.

Reduced additions in 2024 of \$63m (2023: \$91m) reflect this pause in activity and Capricorn will continue to ensure that future drilling commitments are aligned to ongoing cash collections.

Depletion charges in 2024 of \$85m (2023: \$120m) are based on booked reserves as at 31 December 2024 and take no account of expected upward revisions following the amendment of terms to the concession agreement. Reserves booked at the year end decreased due to the reclassification of reserves not expected to be extracted within the existing licence term. The impairment reversal of \$16m includes a restriction to reflect depletion that would have arisen on a higher cost base in the calculation.

Goodwill remains unchanged from the prior year end at \$11m.

Other long-term assets

Non-oil and gas property, plant and equipment and intangible assets at the year end totalled \$13m (2023: \$15m) which includes \$7m (2023: \$7m) relating to unamortised carbon credits and \$5m (2023: \$7m) of leasehold offices held as right-of-use assets. Carbon credits are tested for impairment within the Egypt cash generating unit.

Prior year assets included amounts due from Waldorf which have either been reclassified to current assets and impaired or written off in full as previously noted.

Working capital

Working capital outside of Egypt includes the \$50m due in relation to Senegal first oil offset by residual balances from the Group's previous international exploration activities and funding of corporate activities.

Egypt trade receivables at the year end were \$175m (2023: \$169m), an increase of \$6m across the year, net of expected credit loss adjustments. \$168m (2023: \$143m) of this amount was overdue.

Net working capital liabilities across the Egypt concessions were \$100m (2023: \$66m), with the increase reflecting a build-up in the payables position at the gross joint venture level as Capricorn preserved cash to ensure debt repayments can be met.

Tax assets and liabilities

Deferred tax assets of \$18m (2023: \$8m) and deferred tax liabilities of \$22m (2023: \$10m) are recorded across the concessions in Egypt. Assets and liabilities are calculated on a concession-by-concession basis, having regard to availability of future profits when considering the recognition of deferred tax assets. Although tax is paid on the contractors' behalf by EGPC under the Egypt concession agreements, the liability remains with the contractor until the point of settlement, hence the recording of assets and liabilities on the balance sheet.

The non-Egypt current tax receivable of \$4m relates to the India tax refunds and is included in working capital above.

Equity movements

Across 2024 Capricorn returned \$57m (2023: \$560m) to shareholders, \$50m (2023: \$541m) by way of dividends and \$7m (2023: \$19m) in share repurchases, bringing the latter programme to an end. The Company undertook share consolidations in conjunction with the payment of these dividends in both years.

Across the year, Capricorn acquired \$11m (2023: \$20m) of its own shares to meet anticipated share awards to current and past employees. \$10m (2023: \$28m) of shares vested in the year.

This Strategic report has been approved by the Board and is signed on their behalf by



Randy Neely
Chief Executive

27 March 2025

Corporate Governance

UK Corporate Governance Code

The Board continues to assess its approach to corporate governance through application of the Financial Reporting Council's (FRC's) UK Corporate Governance Code (the "Code") and reports against the 2018 Code for the year ended 31 December 2024 within the following reports. A copy of the Code can be found at www.frc.org.uk.

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BOARD OF DIRECTORS

	Maria Gordon Non-Executive Chair (51)	Randy Neely Chief Executive (58)	Richard Herbert Senior Independent Director (66)
Committee membership	N R	S	A N R
Term of office	Maria was appointed as a Non-Executive Director in February 2023 and Chair in May 2024	Randy was appointed as an Executive Director in June 2023.	Richard was appointed as a Non-Executive Director and Senior Independent Director in February 2023.
Independent	On appointment	No	Yes
Skills and experience	<ul style="list-style-type: none"> – Master’s degree, Fletcher School of Law and Diplomacy, Tufts University – Bachelor’s degree in Political Science, University of Wisconsin – Chartered Financial Analyst (CFA) – Corporate Director Certificate, Harvard Business School <p>Maria has strong governance experience, having served as Chair, senior director and committee member of various public companies. She currently serves as Non-Executive Chair of Constellation Oil Services, a deep-water drilling oil services company based in Brazil. She has two decades of direct investment experience in senior roles, including as Head of Emerging Markets Equity Strategy at Goldman Sachs and PIMCO. With that she brings considerable expertise in portfolio management and equity and debt capital markets.</p>	<ul style="list-style-type: none"> – Bachelor of Commerce, Accounting, University of Calgary <p>Randy has more than 25 years of industry experience in executive and financial roles, including CFO of Zodiac Exploration, CFO of Pearl Exploration & Production and CFO of Trident Exploration. Most recently, he was President and CEO of TransGlobe Energy, an Egypt-focused production and development business with operations in the Eastern and Western Deserts. At TransGlobe Energy, Randy led negotiations, which resulted in an amended, extended and consolidated concession agreement with EGPC in Egypt. Ultimately the negotiations led to the merger between TransGlobe and VAALCO Energy in October 2022. Randy obtained designations as a Chartered Public Accountant (CPA) CFA.</p>	<ul style="list-style-type: none"> – Bachelor’s degree in Geology, University of Bristol <p>Richard is a petroleum geologist with more than 40 years’ experience in the oil and gas sector, including leading executive roles across the world’s major hydrocarbon provinces. Most recently, Richard served as CEO of Frontera Energy Corporation and Global Head of Exploration for BP. His career started at Phillips Petroleum, followed by 19 years at BP in senior exploration and development positions spanning Southeast Asia, Latin America, the US, Angola and the UK North Sea. After leaving BP, Richard spent six years with TNK-BP in Russia, serving first as Vice-President, Exploration and then EVP Technology. After that, he worked in Canada as Vice-President, Exploration of Talisman Energy for five years, before returning to BP as Head of Exploration in 2013.</p>
Key external appointments	<p>Public companies: Non-Executive Director of Bank of Georgia Group PLC Non-Executive Chair of Constellation Oil Services Holding S.A.</p> <p>Non-public companies: None</p>	<p>Public companies: None</p> <p>Non-public companies: None</p>	<p>Public companies: Chief Executive Officer of Angus Energy PLC</p> <p>Non-public companies: None</p>

Committee membership key

 Committee Chair	 Audit Committee	 Remuneration Committee	 Nomination & Governance Committee	 Sustainability Committee
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Tom Pitts

Non-Executive Director
(59)

Patrice Merrin

Non-Executive Director
(76)

Sachin Mistry

Non-Executive Director
(45)

Committee membership

A R

S N

S

Term of office

Tom was appointed as a Non-Executive Director in February 2023.

Patrice was appointed as a Non-Executive Director in June 2023.

Sachin was appointed as a Non-Executive Director in June 2024.

Independent

Yes

Yes

No

Skills and experience

– Master's degree, Queens' College, University of Cambridge

Tom has more than 25 years' investment banking and private equity experience in public and private markets. He is currently a partner at LionRock Capital, having previously served in senior leadership positions at firms including Credit Suisse, Morgan Stanley and D.E. Shaw. Tom has broad experience in emerging markets, capital markets and structuring of complex financial products.

He has direct investment experience in numerous emerging and frontier markets including Vietnam, Pakistan, Sri Lanka, Indonesia and Laos.

– B.A. Politics & Psychology, Queen's University

– Completed the Advanced Management Programme at INSEAD

Patrice has significant experience across the energy, resources and commodity sectors. She served for nine years as an independent Non-Executive Director of Glencore plc and is also the Non-Executive Chair of Metals Acquisition Limited. In 2022 she joined the board of Lancium Inc., a leading energy technology and infrastructure private company dedicated to accelerating the energy transition.

Previous roles held by Patrice include President, CEO and Director of Luscar Ltd., Canada's largest thermal coal producer, prior to which she had been EVP and COO of Sherritt International, a Canadian diversified miner, energy producer and power generator. In addition, she was a director of Climate Change and Emissions Management Corporation, created to support Alberta's initiatives on climate change and the reduction of emissions.

– Master's in Mechanical Engineering, Imperial College London

Sachin is a Portfolio Manager at Palliser Capital, a global multi-strategy fund and one of the largest investors in Capricorn. He will add to the Board's oversight of the Company as it advances its long-term priorities to drive the most value for shareholders.

He brings to the Board more than 20 years of investment, advisory and financial strategy experience across numerous developed and emerging markets. Prior to joining Palliser Capital, he served as Portfolio Manager at LIM Advisers and before that as an Executive Director at Elliot Advisers for over eight years. Sachin held various roles in the corporate finance department of UBS earlier in his career.

Key external appointments

Public companies:
None

Non-public companies:
Non-Executive Vice Chairman of Harmony Advisors
Non-Executive Director of SIG-i Capital
Director of Haglöfs AB

Public companies:
Non-Executive Chair of Metals Acquisition Limited
Lead Independent Director of Lancium Inc.

Non-public companies:
None

Public companies:
None

Non-public companies:
None

For more information go to www.capricornenergy.com/about-us/board/

CORPORATE GOVERNANCE STATEMENT

Dear Shareholder

Following a year of significant change across Capricorn, 2024 has been a steady year with a refocused organisation and the new executive team and Board in place.

There continues to be regular engagement with stakeholders, both within the organisation and externally. The Company's approach to stakeholder engagement during the year is set out on pages 7 and 8, which also includes a statement from our Directors in accordance with Section 172 of the Companies Act 2006.

Details of our strategy and key performance indicators (KPIs) can be found on pages 5 and 9. The Board regularly reviews and develops its framework of effective and prudent controls, which enables risks and opportunities to the execution of the strategy to be identified and addressed. The risk management section of this Annual Report is on page 15 and the internal control statement on page 42 further describes these processes and controls.

Following extensive change in the Board and employee headcount in 2023, the Board underwent a three year external Board evaluation with Gould Consulting in H2 2024. Further information on this review can be found below in the section titled "Board performance evaluation".

Employee engagement remains a key focus of the Company and of the Board. The Employee Voice Forum (EVF), which is our formal workforce advisory panel, established in 2019 in line with the FRC's UK Corporate Governance Code, continued during 2024. The EVF currently comprises three employees from a range of functions and regions and has a rotating membership. Members gather questions and areas of consideration from employees in their allocated departments and bring these to the forum for discussion. These issues of importance to employees are then discussed with the Board, allowing Board members to gain a greater understanding and feel for the Company's culture and to identify any areas that may impact or enhance it. Appropriate consideration of matters raised to the Board through the forum can then be made in the context of the Board's decision-making. The EVF's scheduled meetings were held in May and September 2024.

Compliance with the UK Corporate Governance Code

As a company incorporated in the United Kingdom with a listing category of 'Equity shares (commercial companies)' on the London Stock Exchange, Capricorn is required to report against the UK Corporate Governance Code (as published by the FRC and available on its website at www.frc.org.uk). This statement reports compliance with the version published in July 2018. Capricorn is fully committed to achieving compliance with the principles and provisions set out in the Code and the Board is responsible for ensuring that an appropriate framework is in place to do so.

The information in this statement (together with the Strategic Report, Audit Committee Report, Nomination & Governance Committee Report, Sustainability Committee Report, Directors' Remuneration Report and Directors' Report) describes the manner in which the Company has applied the main principles of governance set out in the Code and complied with the individual Code provisions. The Board considers that the Company has complied with the 2018 version of the Code throughout 2024, except as noted below.

Provisions 24 and 32 of the Code require the Audit and Remuneration Committees to comprise at least three independent non-executive directors. Following certain Board changes in Summer of 2024, the Board determined it was appropriate to reduce both Committees' composition to two independent non-executive directors. This decision was made in light of the Company's removal from the FTSE 350 in June 2023, despite the continuing technical requirement for the Company (for a limited period) to remain subject to the rules governing "larger Companies" until 1 January 2025.

The Board

It is important that the Capricorn Board has the required skills, experience and expertise to allow it to operate effectively and efficiently across a number of geographies and disciplines given the international nature of its business. The Board has considered the competencies of its Directors, which includes industry experience in addition to financial, regulatory, risk management and sustainability experience, to ensure that it is fit for purpose in pursuing the strategy of the Company. The majority of the Board was put in place over the course of 2023 with these objectives fully in mind and continues to review these competencies to ensure they are appropriate for the Company's requirements. Board appointments, for both executive and non-executive positions, consider an individual's objectivity and integrity along with the abilities, skills, experience and diversity that they can bring to the Board. This process is applied below Board level in senior management and other appointments, and such matters are taken into account when considering succession plans.

Board changes

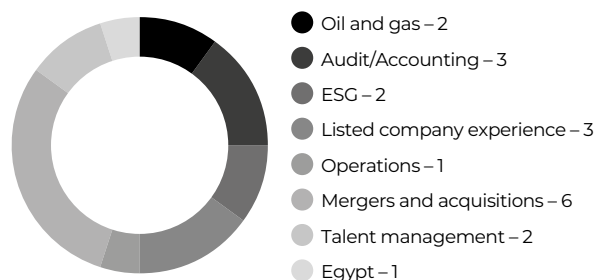
There has been a change of the Non-Executive Chair with the departure in May 2024 of Craig van der Laan and the departure of Hesham Mekawi in late June 2024.

The Board currently comprises one Executive Director and five Non-Executive Directors, including the Chair. The Directors of the Company as at the date of this statement are set out in the table below. Further biographical information about our Directors is also included in the Board of Directors section on pages 36 and 37.

Name	Role	Date of appointment (in current role)	Date of last re-election
Maria Gordon	Non-Executive Chair	1 February 2023	23 May 2024
Randy Neely	Chief Executive	1 June 2023	23 May 2024
Richard Herbert	Senior Independent Director	1 February 2023	23 May 2024
Patrice Merrin	Non-Executive Director	26 June 2023	23 May 2024
Sachin Mistry	Non-Executive Director	23 May 2024	N/A
Tom Pitts	Non-Executive Director	1 February 2023	23 May 2024

Further information on the diversity within the Capricorn Board, including in terms of its wide range of experience and expertise across the industry, governance, technical and commercial arenas, is included in the Nomination & Governance Committee Report on pages 50 to 52 and in the Strategic Report section of this Annual Report.

Current Board competencies



Division of responsibilities between the Chair and the Chief Executive

The Company has a clear division of responsibilities between the positions of Chair and the Chief Executive, which is set out in writing and agreed by the Board.

Chair: key responsibilities	Chief Executive: key responsibilities
<ul style="list-style-type: none"> – Leading the Board in an ethical manner and promoting effective Board relationships; – Ensuring that the Board plays a full and constructive part in the determination and development of the Company's strategy; – Building a well-balanced Board, considering Board composition and Board succession; – Ensuring the effectiveness of the Board and individual Directors; – Overseeing the annual Board evaluation and acting on its results; – Ensuring appropriate induction and development programmes for Directors; – Setting the Board agenda, chairing Board meetings and overseeing implementation of the Board's decisions; and – Engagement with shareholders and other stakeholders when appropriate. 	<ul style="list-style-type: none"> – Managing the business and proposing and developing the Company's strategy and overall objectives in consultation with the Board; – Driving the successful and efficient achievement of the Company's KPIs and strategic objectives; – Leading the executive team in ensuring the effective implementation of decisions of the Board and its committees; – Providing strong and coherent Company leadership and effectively communicating the Company's culture, values and behaviours internally and externally; and – Engagement with shareholders and other stakeholders.

Senior Independent Director

Richard Herbert assumed the role of Senior Independent Director upon his appointment to the Board on 1 February 2023.

The main responsibilities of this role are as follows:

- to provide a sounding board for the Chair and to serve as an intermediary with other Directors when necessary;
- to be available to shareholders and other stakeholders if they have any concerns, which contact through the normal channels of Chair, Chief Executive or Chief Financial Officer has failed to resolve or for which such contact is inappropriate;
- to meet with the other Non-Executive Directors without the Chair present, at least annually, in order to appraise the Chair's performance; and
- to act as Chair of the EVF.

Board performance evaluation Background

The annual performance evaluation process is considered by the Board as an opportunity to improve its effectiveness and to enhance its processes and procedures where appropriate. The performance evaluation process carried out during 2024 was externally facilitated by Gould Consulting, in line with the Code recommendation that this evaluation be conducted by an external party at least every three years. Previously externally facilitated evaluations took place in 2021, 2018, 2015 and 2012, with evaluations conducted internally in the intervening years.

2024 evaluation

Feedback was received from individual Board members and senior executives through a formal process including written survey and personal interview. It was concluded that the Board was performing well and that it benefited from a strong group of individuals who brought significant experience to the table.

Against industry benchmarks, the Board is operating at, or above, these benchmarks in the majority of areas. Following the results of the evaluation it was agreed that the areas of key focus for 2025 would include continuing review and discussion on succession planning in light of required Board competencies; to continue to ensure evolving risks were discussed regularly at Board level; to continue to refine the Group's strategy and to provide oversight of the evolving organisational culture. As part of the Board improvement plan, continuing education for the Directors will focus on risk and governance during the first half of 2025.

Independence of Non-Executive Directors

The Board considers the independence of each of the Non-Executive Directors on an ongoing basis, taking into account their integrity, their objectivity and their contribution to the Board and its committees. The Board believes that the following behaviours are essential for a Director to be considered independent:

- provides an objective, robust and consistent challenge to the assumptions, beliefs and views of senior management and the other Directors;
- questions intelligently, debates constructively and challenges rigorously and dispassionately;
- acts at all times in the best interests of the Company and its shareholders and other stakeholders;
- has a detailed and extensive knowledge of the Company's business and of the market as a whole, which provides a solid background against which they can consider the Company's strategy objectively and help the Executive Director(s) develop proposals on strategy; and
- has no close ties or material relationships with the Company, either directly or indirectly.

Maria Gordon was independent on her appointment to the Board and confirmed as independent on the date of her appointment as Chair in May 2024. Sachin Mistry is a current employee of a shareholder and is not considered to be an Independent Non-Executive Director under the provisions of the Code. With the exception of Sachin Mistry, the remaining Directors are independent in their appointment and have no relationship, other than by being nominated, with the nominating shareholder and are, therefore, each considered independent by the Board.

Time commitment of Non-Executive Directors

The Board recognises its responsibility under the Code to take into account other demands on each Director's time, with a view to ensuring that its Directors (particularly those Non-Executive Directors who sit on other public company boards) have sufficient time to devote to their role on the Capricorn Board. Prior to appointment, each individual's other significant commitments are disclosed and there is also a policy in place to ensure that additional external appointments are not undertaken without prior consultation. The other directorships held by each Non-Executive Director (where applicable) are disclosed in the Board of Directors section on pages 36 and 37.

None of our Non-Executive Directors sit on more than three public company boards (including Capricorn) and those that do sit on other public company boards have taken appropriate steps to ensure that they have sufficient time to devote to their role on the Capricorn Board.

Re-election of Directors

In accordance with the Code, each of the Company's Directors are subject to annual re-election by shareholders. As such, each of the current Directors will seek re-election at the Annual General Meeting (AGM) to be held on 22 May 2025.

Induction and development

New Directors received a full and appropriate induction on joining the Board. This involves a tailored programme of meetings with other Board members, senior management and the Company Secretary.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Company ensures that new Directors also receive additional induction support and training when assuming any additional responsibilities such as membership of Board committees. Where appropriate, the Company arranges for new Non-Executive Directors to receive additional briefings on key matters regularly discussed by the Board.

The Company provides, on an ongoing basis, the necessary resources for developing and updating its existing Directors' knowledge and capabilities. In particular, the Company is committed to the provision of continuing professional development training for its Directors. In 2024, the Company continued with its practice of providing a Directors' education programme consisting of a number of seminars for Board members, which are presented by the Company's external advisers, guest speakers or members of senior management on subjects appropriate to the Company's business, including changes to legislation, regulation and market practice. During 2024, the subjects covered by these seminars included ESG reporting and regulation as well as updates on changes to listing requirements in the UK.

These seminars were incorporated into the schedule for the relevant Board meeting and were attended by all Directors present at such meetings. Any Director may request that a particular subject be covered in a seminar.

Information and support

The Board has full and timely access to all relevant information to enable it to discharge its duties. Under the direction of the Chair, the Company Secretary is responsible for ensuring good information flows within the Board and its committees, and between executive management and Non-Executive Directors, as well as facilitating induction and assisting with professional development as required. The Company Secretary ensures the presentation of high-quality information to the Board and its committees, and that all papers and information are delivered in a timely fashion. Board and committee papers are delivered securely through an electronic platform.

The Company Secretary is responsible for advising the Board, through the Chair, on all UK Corporate Governance Code and related matters, and each Director has access to the advice and services of the Company Secretary.

There is also a procedure agreed by the Board for Directors, in furtherance of their duties, to take independent professional advice if necessary, at the Company's expense.

Conflicts of interest

The Board has in place a procedure for the consideration and authorisation of conflicts or possible conflicts with the Company's interests. All Directors are aware of the requirement to submit details to the Company of any current situations (appointments or otherwise) which may give rise to a conflict, or potential conflict, of interest. The Board will continue to monitor and review potential conflicts of interest on a regular basis.

Whistleblowing

The Group has a robust Whistleblowing Policy in place, through which the workforce can raise any matters of concern – further information on the Group's Whistleblowing Policy is included in the Audit Committee Report on page 48.

Matters reserved to the Board and delegation of authority

The Board has a formal schedule of matters specifically reserved to it for decision, which is divided into categories covering different types of decisions, including:

- corporate;
- Board/Directors;
- financial/operational; and
- legal/regulatory.

Board meetings

During 2024, a total of 11 scheduled meetings of the Board were held. Four of these meetings were conducted over two consecutive days following the usual format for Board meetings, described below, with another seven shorter meetings held to update the Board and/or to approve specific matters during 2024.

Board committee meetings are also scheduled for the same dates as Board meetings and are either split over two days or scheduled for one day, depending on the number of committee meetings required. Board committee meetings take place prior to the main part of the Board meeting so that the Chair of each committee can provide a report to the Board. These are followed by the remainder of the formal business of the Board meeting. The Chair also holds a short meeting with the other Non-Executive Directors (without the Executive Director).

Details of attendance at each of the Board meetings during 2024, and at meetings of each of the Board committees, are set out below. The Company has very successfully used its technological communication platforms to ensure that Directors who are unable to attend any meeting in person are still able to attend all scheduled Board and committee meetings and were also able to do so 'on camera'.

The formal agenda for each scheduled Board meeting is set by the Chair in consultation with the Chief Executive and the Company Secretary. The system for establishing agenda items means that the Chair, the Board and each of the Board committees have the confidence that all required items are included on their agenda at the most appropriate time of the year and that there is sufficient time allocated for discussion, allowing the Directors to discharge their duties effectively.

Formal minutes of all Board and committee meetings are circulated to all Directors prior to the subsequent Board meeting and are considered for approval at that Board meeting. In addition, the members of the Board are in frequent contact between meetings. There is also a procedure in place to allow Board meetings to be convened at short notice where required to deal with specific matters which need to be considered between scheduled Board meetings.

As noted above, the Non-Executive Directors have a practice of meeting informally at the end of each Board meeting without or the Executive Directors being present. At these Non-Executive forums, the Non-Executive Directors are invited by the Chair to bring forward any matter pertaining to the business of the Board that they believe would benefit from discussion in such forums. This practice also applies after Board committee meetings to ensure that Non-Executive Directors can discuss any relevant issues arising from those meetings without management being present.

Key issues considered within Board meetings during 2024

Code Requirement	Key discussions	Outcome
Ensuring an effective and entrepreneurial Board to promote long-term sustainable success	<ul style="list-style-type: none"> – Macroeconomic environment – M&A opportunities in the UK and MENA – Growth opportunities in Egypt connected to integration of concession agreements – Board evaluation results 	<ul style="list-style-type: none"> – The Board discussed M&A opportunities at all meetings – Proposals for integration of concession agreements was approved for submission – Discussion on board improvement plan
Establishing and aligning purpose, values and strategy with culture	<ul style="list-style-type: none"> – Culture and values are properly detailed in Group KPIs 	<ul style="list-style-type: none"> – SID chairs the company Employee Voice Forum
Ensuring necessary resourcing is in place and establishing a framework of controls to enable risk to be assessed	<ul style="list-style-type: none"> – Reviewed principal risks and uncertainties and emerging risks 	<ul style="list-style-type: none"> – Regular workshops on risk and controls
Effective engagement with shareholders and stakeholders	<ul style="list-style-type: none"> – External insight into regulatory and political environment in Egypt 	<ul style="list-style-type: none"> – Regular discussions on managing government relations in Egypt
Appointments are subject to formal rigorous and transparent procedure with effective succession plan for Board and senior management	<ul style="list-style-type: none"> – Appointment of COO and CFO 	<ul style="list-style-type: none"> – Detailed discussion on succession planning

Directors' attendance at 2024 Board and committee meetings

The table below sets out the attendance record of each Director at scheduled Board and committee meetings during 2024.

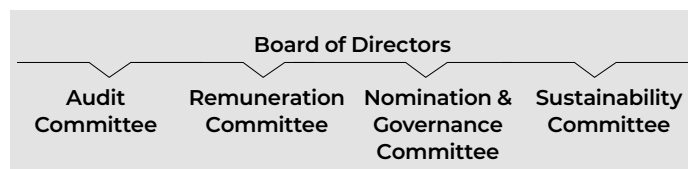
Board	Board	Audit Committee	Remuneration Committee	Nomination & Governance Committee	Sustainability Committee
Meetings held during 2024 ¹	12	4	5	2	2
	Meetings attended / meetings held in 2024 during directorship	Meetings attended / meetings held in 2024 during membership	Meetings attended / meetings held in 2024 during membership	Meetings attended / meetings held in 2024 during membership	Meetings attended / meetings held in 2024 during membership
Current Directors					
Maria Gordon (Chair)	11/12 ²	1/1	5/5	2/2	–
Randy Neely (Chief Executive)	12/12	–	–	–	2/2
Richard Herbert (Senior Independent Director)	11/12	4/4	5/5	2/2	–
Sachin Mistry	7/7	–	–	–	1/1
Tom Pitts	11/12	4/4	5/5	–	–
Patrice Merrin	12/12	–	–	2/2	2/2
Former Directors					
Craig van der Laan	5/5	–	–	1/1	–
Hasham Mekawi	6/6	–	–	1/1	1/1

Notes:

- (1) During 2024, certain Directors who were not committee members attended meetings of the Audit Committee, Remuneration Committee and Nomination & Governance Committee by invitation. These details have not been included in the table.
- (2) Maria Gordon was conflicted from attendance at a board meeting held to review her appointment as Chair.

Board committees

Board committee structure during 2024



Each of the Board committees is provided with all necessary resources to enable them to undertake their duties in an effective manner and has formal terms of reference approved by the

Board. Copies of the terms of reference, which were reviewed and updated in line with the 2018 version of the Code and approved by the Board in March 2022, are available on the Company's website. The Company Secretary acts as secretary to the Board committees. The minutes of all committee meetings are circulated to all Directors. In line with best practice, more detailed reports from the Audit, Nomination & Governance and Sustainability Committees are presented as separate reports rather than including these in the Corporate Governance Statement. Summary details of the composition of each committee at the end of 2024 are set out in the table on the following page.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Remuneration Committee

Member	Date of appointment
R. Herbert (Chair)	26 June 2023 (Chair with effect from 23 May 2024)
T. Pitts	1 February 2023
M. Gordon	1 February 2023

Audit Committee

Member	Date of appointment
T. Pitts (Chair)	1 February 2023
R. Herbert	1 February 2023

Nomination & Governance Committee

Member	Date of appointment
M. Gordon (Chair)	1 February 2023 (Chair with effect from 23 May 2024)
R. Herbert	23 May 2024
P. Merrin	26 June 2023

Sustainability Committee

Member	Date of appointment
P. Merrin (Chair)	26 June 2023
S. Mistry	23 May 2024
R. Neely	26 June 2023

Shareholders and the Annual General Meeting (AGM)

Communications with shareholders are given high priority by the Board. The Company has implemented the provisions of the Companies Act 2006 regarding electronic communication with its shareholders, in order to give shareholders more choice and flexibility in how they receive information from the Company. Capricorn responds promptly to correspondence from shareholders and the Company's website contains a wide range of information on the Company, including a dedicated investor relations section.

In order to ensure that the members of the Board develop an understanding of the views of major shareholders, there is regular dialogue with institutional shareholders, including meetings with executive management after the announcement of the year-end and half-year results. The Board is kept informed of any issues raised by shareholders both as a standing agenda item in Board papers and through feedback at Board meetings, and following results or other significant announcements. In addition, the Company maintains an investor relations database, which details all meetings with investors or other related stakeholders. All analyst reports relating to the Company are also distributed to the Board.

A list of the Company's major shareholders can be found in the Directors' Report on page 68. The Company recognises that the success of the comply-or-explain approach under the Code depends on an ongoing and open dialogue with shareholders, and remains committed to engaging with shareholders, as well as governance and proxy voting agencies, on any matter which they wish to discuss in relation to the Company's governance.

During the last 18 months, certain Directors have also engaged directly (either through meetings or by telephone/written correspondence) with specific investors, investor groups and proxy advisory agencies on a range of matters including progress against strategic objectives, diversity and remuneration. During 2024, engagement with investors was of notably high importance following the strategic review and investor meetings were held either through virtual communications platforms or in person.

AGM details (2024 and 2025)	Overview
2024 AGM: was held on Thursday, 23 May 2024 at The Cellar Room, Kimpton Charlotte Square Hotel, 38 Charlotte Square, Edinburgh	– 15 ordinary resolutions and 4 special resolutions were proposed and all received shareholder approval
2025 AGM: to be held on Thursday, 22 May 2025 at Hawthornden Lecture Theatre, National Gallery, The Mound, Edinburgh EH2 2EL (full details in Notice of AGM)	– 12 ordinary resolutions and 4 special resolutions are proposed for shareholder approval

It is policy for all Directors to be present at the AGM, when possible, with the Chair of each of the Board committees also expected to attend and be prepared to answer shareholder questions on areas within their remit.

The proxy votes for and against each resolution, as well as abstentions, will be counted before the AGM and the results will be made available following the meeting after the shareholders have voted in a poll on each resolution. Both the Form of Proxy and the poll card for the AGM include a 'vote withheld' option in respect of each resolution to enable shareholders to abstain on any particular resolution. It is explained on the Form of Proxy that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'for' or 'against' a resolution.

Information pursuant to the Takeover Directive

The Company has provided the additional information required by the Disclosure and Transparency Rules of the UK Listing rules (and specifically the requirements of DTR 7.2.6 in respect of Directors' interests in shares; appointment and replacement of Directors; powers of the Directors; restrictions on voting rights and rights regarding control of the Company) in the Directors' Report.

Internal control

The Board has overall responsibility for the Group's system of internal control, which includes all material controls, including financial, operational and compliance controls and related risk management, and for regularly reviewing its effectiveness. The system of internal control is designed to identify, evaluate and manage significant risks associated with the achievement of the Group's strategic objectives. Because of the limitations inherent in any system of internal control, Capricorn's system is designed to meet its particular needs and the risks to which it is exposed, with a focus on managing risk rather than eliminating risk altogether. Consequently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has in place an Integrated Internal Control and Assurance Framework (the "Framework"), which plays a critical role in setting out how the Company manages and assures itself that the risks relating to the achievement of corporate vision, strategy and objectives are effectively controlled. The Framework is based on the Committee of Sponsoring Organisations (COSO) framework and its five key components, which is a commonly used and recognised international framework for considering internal control systems. The COSO framework seeks to help organisations develop systems of internal control which help facilitate the achievement of business objectives and improvements in Company performance. The COSO framework also supports organisations in adapting to increasingly complex business environments and managing risks to acceptable levels with the aim of safeguarding shareholders' interests and Company assets. The Capricorn risk framework accords with the FRC guidance on risk management and internal control.

The Framework has been in place for the 2024 financial year and up to the date of approval of the Annual Report and Accounts. The Board, supported by the Audit Committee, has carried out a review of the effectiveness of the systems of internal control during 2024 and will ensure that a similar review is performed in 2025. In so doing, the Board and Audit Committee took into account the assurance provided by the year-end internal control report in respect of the

effectiveness of the Group's system of internal control. The Board is accordingly satisfied that effective controls are in place and that risks have been mitigated to a tolerable level across the Group in 2024.

Particular attention has been placed by the Company's management on ensuring that an effective system of internal control has been maintained during the year in relation to the key risks in the Company's business activities.

Enhancements have been made during 2024 to the following key controls, business processes and procedures:

- compliance certificates were completed by all staff members and contractors confirming compliance with the Group's Code of Ethics;
- several activities were completed to enhance our bribery and corruption controls across the business, including the revision of country-specific risk assessments for Egypt, which supplemented the overarching Group risk assessment already in place;
- a compliance dashboard was maintained to assess compliance with several key regulations impacting the Group, including the UK Bribery Act, the General Data Protection Regulation, the Corporate Criminal Offence for the failure to prevent the facilitation of tax evasion and modern slavery. The dashboard was maintained by the Risk & Compliance Manager. There were no material weaknesses identified;
- to ensure awareness, understanding and compliance on important governance, regulatory and security topics, mandatory e-learning was implemented across the Group, which included comprehensive modules on bribery and corruption, health and safety, cyber security, cyber fraud and tax evasion; and
- the Board completed a risk workshop in December which assessed the key risks and opportunities which could influence the achievement of the Group's strategic objectives.

Work has commenced to prepare for the upcoming changes to the internal control requirements under Provision 29 of the UK Code. A scoping exercise has been completed to identify the material financial, operational, compliance and reporting controls for the principal risks. Assurance maps have been updated to reflect areas where further assurance may be required. A dry-run of the process will be conducted ahead of formal reporting.

The following describes the key elements of the Framework and the processes used by the Board during 2024 to review the effectiveness of the system and the approach to be taken in 2024.

1. Strategic direction

The Company's strategy and business plan are debated by and approved by the Board. The Chief Executive is responsible for managing the Company's business and implementing the Company's strategic objectives in consultation with the Board. The Chief Executive is also responsible for implementing the decisions of the Board and its committees and driving performance measured against the Company's KPIs.

2. Operating management

The Company refreshes its work programme and budget on an annual basis in line with its overall strategy.

3. Risk management

The Board is responsible for maintaining sound risk management and internal control systems across the Capricorn Group. The Board must satisfy itself that the significant risks faced by the Group are being managed appropriately and that the system of risk management and internal control is sufficiently robust to respond to internal or external changes in the Group's business environment.

The Group Risk Management Process defines the steps through which Capricorn seeks to systematically identify, analyse, assess, treat and monitor the business risks faced by the Group. The Group Risk Management Process also identifies the risk management organisational structure through which business risks are managed and regularly reviewed at operating-, asset-, country- and Company-level. Asset-, project-, country- and functional-level risk registers

are used to capture, assess, monitor and review risks before the principal risks are consolidated into the Group risk register.

4. Assurance

The 'three lines of defence' framework adopted by the Board provides three levels of assurance against the risks facing the Company: firstly at the operational level; secondly through overview by functional management and the Risk Management Committee; and thirdly through internal or joint venture audits.

The integrated internal control and assurance framework document includes a description of the Company's business and assurance models and of its organisation and committee structure, and defines the relevant roles and responsibilities. The framework defines the key policies and procedures which govern the way in which Capricorn conducts its business and is therefore a core part of its system of internal control.

During 2024, the Directors reviewed the effectiveness of the Company's system of financial and non-financial controls, including operational and compliance controls, risk management and high-level internal control arrangements through the completion of internal control self-assessment questionnaires. These questionnaires, which are tailored to each region or function, are designed to provide an internal assessment of the effectiveness of key controls for the Group's principal risks.

Additionally, assurance maps for principal risks are developed, which outline the key sources of assurance across the 'three lines of defence'. The 'three lines of defence model' is a method of assessing different sources of assurance the Group can rely on when analysing key risks and controls. Assurance is gained through the application of the business management system, which directs the day-to-day running of the business (first line), the oversight functions within Capricorn which provide challenge to the risk and control environment (second line) and any third-party reviews the Group instructs to assess the status of a risk/control (third line). The assurance maps help identify potential areas of control weakness and/or ineffective use of assurance resources across the Group, which influenced the topics included in the 2024 Group internal audit plan. The Directors derived assurance from the following internal and external controls during 2024:

- a schedule of matters specifically reserved for decision by the Board;
- implementation of the Capricorn business management System for key business activities;
- an appropriate organisational culture and structure;
- control over non-operated joint venture activities through delegated representatives;
- specific delegations of authority for all financial transactions and other key technical and commercial decisions;
- segregation of duties where appropriate;
- accounting and procurement system controls including access controls and approval processes;
- business and financial reporting, including KPIs;
- functional management reviews;
- an annual 'letters of assurance' process, through which asset and functional managers review and confirm the adequacy of internal financial and non-financial controls and their compliance with Company policies, and report any control weaknesses identified in the past year and actions taken in respect of any weaknesses identified in the prior year;
- an annual internal audit plan, which is approved by the Audit Committee and Board, and is driven by risks and key controls;
- reports from the Audit Committee;
- reports from audits by host governments and co-venturers;
- independent third-party reviews; and
- the skills and experience of the workforce.

Maria Gordon
Chair

27 March 2025

AUDIT COMMITTEE REPORT

Dear Shareholder

Composition of the Audit Committee

I was appointed Chair of the Audit Committee in February 2023. Serving with me is my fellow Independent Non-Executive Director, Richard Herbert. The members of the Committee have been chosen to provide the range of financial and commercial experience needed to fulfil these duties. Richard is considered by the Board to be independent.

Summary of Audit Committee meetings during 2024 and subsequent to the year end

The Audit Committee met five times in 2024, with meetings arranged around the key external reporting dates. The first two meetings in March 2024 focused on concluding the 2023 year-end external audit process (reported in the 2023 Annual Report and Accounts). Meetings in June, and September centred on the Group's half year reporting and a December meeting on planning for the 2024 year-end. A subsequent meeting in March 2025 was held to conclude on the 2024 year-end process.

Meetings are attended by senior Capricorn staff, including the Chief Financial Officer, Eddie Ok, (who joined in April 2024), the Head of Finance and the Risk and Compliance Manager, with other senior staff joining as appropriate for the matters under discussion. The Group's Chief Executive Officer, Randy Neely, also attended all meetings. The Group's external auditors attend all meetings.

Responsibilities and activities during the year

The Audit Committee's primary responsibilities include the integrity of the Group's Financial Statements, the effectiveness of the Group's risk management and internal assurance processes and related governance and compliance matters.

The terms of reference of the committee consider the requirements of the UK Corporate Governance Code and are available for inspection on the Group's website. A summary of the committee's principal responsibilities and activities during the year are set out below.

	Principal responsibilities of the Committee	Activities during the year	Key areas formally discussed
Financial Statements	<ul style="list-style-type: none"> – Monitoring the integrity of the Financial Statements of the Group and formal announcements relating to the Group's financial performance. – Reviewing any significant financial reporting judgements. – Reviewing the appropriateness of accounting policies, their consistent application and disclosures in financial statements. 	<ul style="list-style-type: none"> – March 2024: 2023 Financial Statements update, conclusions and approval. – June 2023: Half year key accounting issues. – September 2024: Approval of half year financial statements. – December 2024: Year end key accounting issues overview. – March 2025: Approval of 2024 year-end financial statements. 	<ul style="list-style-type: none"> – Going concern conclusions, linkage to the viability statement. – Significant accounting issues at the half year and year end (see below).
External audit	<ul style="list-style-type: none"> – Overseeing the Group's relationship with the external auditors, including: <ul style="list-style-type: none"> • making recommendations to the Board as to the appointment or reappointment of the external auditor; • reviewing their terms of engagement and engagement for non-audit services; and • monitoring the external auditor's independence, objectivity and effectiveness. 	<ul style="list-style-type: none"> – At each meeting the Committee receives an updated report from the external auditors which either explains their plans and scope for the forthcoming audit or review or contains the conclusions from their work performed. 	<ul style="list-style-type: none"> – Reviewing the external auditor's scope and audit plan for the 2024 year-end. – Discussing the materiality levels set by the auditor. – Approval of the auditor's remuneration. – Consideration of the results of the external audit with the auditor and management. – Assessment of the effectiveness of the external audit.
Internal risk management and assurance	<ul style="list-style-type: none"> – Reviewing the Group's internal financial controls and internal control and risk management systems and oversight of the Group's Risk Management Committee. – Monitoring and reviewing the effectiveness of the Group's internal audit function. 	<ul style="list-style-type: none"> – At each meeting, the Audit Committee receives: <ul style="list-style-type: none"> • an update from management on the latest Risk and Assurance Committee meetings and risk management process and, where applicable, an update from the Group Risk and Compliance Manager on progress of internal audits and their output and recommendations. 	<ul style="list-style-type: none"> – Reviewing the Group's corporate and operational risk register. – Selection of internal audit work planned. – Assessment of key findings raised from internal audits conducted in the year.
Whistleblowing procedures	<ul style="list-style-type: none"> – Reviewing the Group's whistleblowing procedures and ensuring that arrangements are in place for the proportionate and independent investigation of possible improprieties in respect of financial reporting and other matters and for appropriate follow-up action. 	<ul style="list-style-type: none"> – The Committee's annual review and approval of the Group's whistleblowing procedures was performed at the December 2024 meeting. 	<ul style="list-style-type: none"> – Reviewing and approving of the Group's whistleblowing procedures.

	Principal responsibilities of the Committee	Activities during the year	Key areas formally discussed
Other matters	<ul style="list-style-type: none"> – Reviewing the Group's policy for approval of non-audit work to the Company's auditor. – Reviewing booking of Group reserves and resources. 	<ul style="list-style-type: none"> – The Committee's annual review and approval of the Group's policy for approval of non-audit work was undertaken at the December 2024 meeting. – Richard Herbert is Chair of the Capricorn's Reserves and Resources Reporting Committee, providing direct oversight to the Audit Committee. 	<ul style="list-style-type: none"> – Review and approval of the Group policy for approval of non-audit work to the Company's auditor. – Classification of reserves and resources for disclosure in the Annual Report.

The review of the Annual Report and Accounts for fair, balanced and understandable presentation and disclosure, while considered by the Audit Committee, is formally performed, and approved by the full Board.

Financial statements

At each reporting date, the Audit Committee review the results for the relevant period and the key assets and liabilities in the Group balance sheet, focussing on the key estimates, assumptions and judgments that management has used in applying the relevant accounting standard.

The key issues identified at the December 2024 year-end were, the impairment review performed on the Group's property, plant and equipment – development/producing assets and goodwill resulting in a reversal of impairment, expected credit loss adjustments against trade receivables and other receivables relating to past transactions, and the accounting treatment for consideration receivable and disclosure of the tax demand relating to divested interests in Senegal. As always, the assessment of the ability of the Group to continue to operate as a going concern and the viability statement is also considered by the Audit Committee.

2024 year end significant accounting issues:

Reversal of impairment

At the year end, Capricorn and Cheiron were in advanced discussions with EGPC on amendment to the terms of the concession agreements across the 50:50 concessions in Egypt. These negotiations provide evidence of improved commercial terms, including field-life extensions, expected in the near-term, giving rise to a significant increase in the fair value of the assets.

The Audit Committee reviewed managements determination that the expected terms of the ongoing negotiations with EGPC should be considered in estimating the fair value less cost of disposal on the Group's Egypt assets and concluded that this was the correct approach in accordance with IAS 36. After seeking clarity on the status of negotiations ongoing at the balance sheet date, the Audit Committee agreed with management's assessment. Further the committee agreed that the BED and Obaiyed concessions should be tested for impairment as a single cash generating unit.

The Audit Committee reviewed the impairment test results including the revised cash-generating unit for the merged concessions. Richard Herbert updated the committee in his capacity of Chair of the Group's Reserves and Resources Committee. The Audit Committee also reviewed and approved the commercial assumptions used in the impairment test calculations including macro assumptions on oil and gas prices and inflation and asset-specific assumptions on the timing of collection of receivables and discount rates to be applied to cash flow models.

The Audit Committee concluded that the reversal of impairment recorded in the financial statements was a true reflection of the increased fair value resulting from the improved commercial terms under the concession agreement modernisation negotiations and that the quantum of the reversal had been correctly calculated.

AUDIT COMMITTEE REPORT CONTINUED

Deferred consideration due from Waldorf

Following the December 2023 settlement agreement, Capricorn was due \$22.5m from Waldorf Petroleum in January 2025 relating to the final instalment related to the sale of UK producing assets in 2021. Further, approval from the North Sea Transit Authority (NSTA) was outstanding for the transfer of a 25% Working Interest in the Columbus field from Waldorf to Capricorn.

Due to ongoing financial difficulties, in February 2025 Waldorf announced a restructuring plan compromising Capricorn's ability to collect the sums due to the Group. Under Waldorf's plans, Capricorn will receive only \$1.5m of the \$22.5m due. While Capricorn is considering options to object to the restructuring plan, management have increased the expected credit loss adjustment against the receivable due to reduce the net recovery to the \$1.5m offered by Waldorf. The Audit Committee agreed that this loss adjustment was appropriate at this time.

The Group previously carried \$7m on the balance sheet as a long-term receivable reflecting the value attributed to the Columbus asset in the settlement agreement (a cash alternative of this amount was due should approval from the NSTA not be received). Though the deadline for NSTA approval of the transfer has been extended to 31 March 2025, it is not expected that the NSTA will approve the transfer. With little expectation of being able to recover the additional \$7m that becomes due from Waldorf, management have fully impaired the other long-term receivable. Again, the Audit Committee agreed that this was the appropriate accounting treatment at this time.

Woodside receivable and Senegal tax assessment

Capricorn have recorded income of \$50m in the year ending 31 December 2024 reflecting amounts received from Woodside in January 2025 to settle additional consideration due on the 2021 sale of the Group's oil and gas assets in Senegal. Management concluded that recognition in the 2024 results was appropriate given that all conditions requiring to be met for payment of the \$50m had been achieved in advance of the balance sheet date. The Audit Committee agreed with management's conclusion.

In December 2023 Capricorn received notification that the Senegal tax authorities had raised an assessment against Woodside, including two items relating to the Group's period of ownership, being a claim for registration duties payable on transfer of assets from Capricorn to Woodside and a capital gains tax assessment on the transfer. The Audit Committee were fully briefed throughout the year of progress on discussions between management and counterparties at Woodside towards a negotiated settlement with the Senegalese tax authorities and the increasing likelihood of international arbitration being required to settle the issue.

In anticipation of arbitration, Capricorn have sought legal advice which supports the merits of the Group's defence and would result in no liability arising. Management therefore continues to disclose the assessment as a contingent liability with no provision made in the financial statements. The Audit Committee challenged management on this issue and were comfortable the correct accounting treatment had been followed.

Going concern and viability

At each reporting date, management considers the factors relevant to support a statement of going concern included in note 1.2 to the Financial Statements. The Audit Committee reviews and challenges management's conclusions so that we may, in turn, provide comfort to the Board that management's assessment has been considered, challenged and is appropriate.

The Audit Committee carefully reviewed management's going concern conclusion based on the Group's latest cash and debt position. Downside case assumptions were reviewed, run with sustained low oil prices, reduced production, cost increases and a reduction in available finance and default by joint venture partners. In all cases, the Group retained a significant funding surplus. This confirmed that the Group is fully funded to meet its work programme and firm commitments over the period of 12 months from the date of signing the Financial Statements. The Audit Committee subsequently recommended to the Board that the Group continues to use the going concern basis in preparing its Financial Statements.

The Committee also reviews and challenges management on the sensitivity analysis performed to support the Group's viability statement, included in the Strategic Report on page 16. The viability statement review included assessing both the operational risks identified by management, including reserve downgrades and major emergency incidents and corporate risks identified, including volatile oil prices, failure to deliver the net zero 2040 roadmap and continuing issues with the collection of receivables in Egypt. Following this challenge, the Committee recommended approval of the viability statement to the Board.

External audit

PricewaterhouseCoopers LLC (PwC) has been Capricorn's external auditors since 2013. An audit tender process was run in December 2023 and PwC was reappointed as the Group's auditor at the 2024 AGM and therefore continue as the Group's auditor for the year ending 31 December 2024. PwC may serve a maximum of eight further year end audit engagements before mandatory rotation, though the Audit Committee continue to evaluate the performance of the auditors on an ongoing basis. Bruce Collins remains lead audit partner and the 2024 year end represents his fourth year in this role. Bruce may serve a maximum of five years as lead audit partner and the Audit Committee will work with Bruce during the coming months to identify his successor to allow a smooth transition following the 2025 year end audit.

Assessment of external audit process

The Audit Committee has an established framework to assess the effectiveness of the external audit process that will continue going forward. This comprises:

Audit Committee action	Audit Committee conclusion
An assessment of the independence of the auditors.	The Audit Committee considered PwC to be independent.
A review of the audit plan including the materiality level set by the auditors and the process they have adopted to identify Financial Statement risks and key areas of audit focus (summarised in the Independent Auditors Report on page 71).	The Audit Committee accepted the level of materiality set by the auditors.
A review of the Audit Quality Inspection ("AQI") report on our auditor, published by the FRC with particular emphasis on any key messages applicable to Capricorn.	There were no matters raised in the AQI report that caused concern for the Audit Committee.
A review of the final audit report, noting key areas of auditor judgement and the reasoning behind the conclusions reached.	The Audit Committee reviewed findings on the key audit issues identified. The Committee was satisfied that appropriate challenge had been made of management and that the audit process was robust.
Regular communications through formal papers submitted and presentations to the committee, including a review by the committee of the extent to which the auditors have challenged management.	The audit plan for the year ending 31 December 2024 was presented to the Audit Committee in December 2024 and is summarised in the Independent Auditor's Report on page 71. Audit findings on significant matters are presented to the Committee in March 2025, together with the work performed by the auditors to challenge management's key estimates and assumptions.
Separate meetings were held between myself as Chair of the Audit Committee and the lead audit engagement partner.	Any significant points discussed in separate meetings were brought to the attention of the full Audit Committee.
A formal questionnaire issued to all Audit Committee members and senior Capricorn management who are involved in the audit covering the robustness of the audit process, the quality of delivery, the quality of reporting and the quality of the auditor's people and service.	The Audit Committee were satisfied with the robustness of the audit process.

Of particular focus for the committee is the assessment of the judgement applied by PwC during each stage of the audit process including setting audit materiality, identifying the risks to the Financial Statements, evaluating audit findings and communicating those areas of judgement to the committee.

The Audit Committee noted the level of planned materiality and agreed on the levels of misstatements to be reported to the committee. The final audit report was presented to the Audit Committee in March 2025. The committee agreed with the conclusions reached by the auditors, noting the degree of judgement around areas of significant audit risk.

The significant accounting issues identified by the Audit Committee were included in the significant matters identified by the external auditors in their audit plan. There were no other specific areas that the Audit Committee requested the auditors to look at.

At the end of each annual reporting cycle, the Audit Committee reflect on the quality of the audit provided by the auditors. At each Audit Committee meeting, the auditor presents an update on their progress and, where appropriate, conclusions on their half year review and full year audit and how the audit has been conducted in relation to the plan presented to the Audit Committee, with the Committee able to challenge the audit at any point.

Following conclusion of the 2024 year end audit, Audit Committee members and senior management provided their feedback on the effectiveness of the external audit process and following discussions at the March 2025 meeting, the Audit Committee concluded that the 2024 audit process had been effective.

Internal risk management and assurance

The Audit Committee reviews the Group's principal risks at each meeting. The Group's risk management project plan is also presented with the Audit Committee closely monitoring the close out of recommendations raised during completed internal audits as well as noting progress of ongoing audits and plans for future audits, ensuring they remain on schedule. The Audit Committee also complete an annual review of managements formal internal controls assessment.

The Group's principal risk dashboard is updated in advance of every meeting and changes to operational and corporate risks noted and discussed. The Audit Committee will challenge management on the classification of risks where further clarification is sought on either the assessment of the likelihood of a risk materialising or its estimated financial impact.

AUDIT COMMITTEE REPORT CONTINUED

Internal audit

For internal audit, the Group adopts a co-source approach to supplement the in-house team and this ensures we have access to specialist skills and experience as required.

Prior to the beginning of each year, an internal audit plan is developed by management, based on a review of the outcome of the previous year's internal audits, the outcome of the annual assessment of effectiveness of internal control and the principal risks in the Group Risk Matrix and identified mitigation measures. The plan is then presented to the Audit Committee for review and approval. The Audit Committee also receive updates on the internal audit work plan at each meeting.

The external auditor does not place any reliance on the work undertaken by the Group's internal audit function due to the nature of the scope and the timing of their work. The external auditor does however, attend all Committee meetings where internal audit updates are given.

During 2024, the Group's internal auditors conducted one audit on cyber security. No high-risk findings were identified across the audits conducted.

Working responsibly – whistleblowing and related policies

The Group is committed to working responsibly as part of its strategy to deliver value for all stakeholders. This means delivering value in a safe, secure, environmentally and socially responsible manner.

As part of this, the Audit Committee is responsible for ensuring the Group has a robust Whistleblowing Policy in place and this policy is reviewed annually by the Committee. The Group's current version of the policy was first presented to, and approved by, the Audit Committee at the March 2022 meeting and most recently re-approved at the December 2024 meeting.

The Committee is also responsible for and is satisfied that arrangements are in place for the proportionate and independent investigation of possible improprieties in respect of financial reporting and other matters and for appropriate follow-up action.

The Group has in place a comprehensive anti-bribery and corruption management system and Code of Ethics. Regular training updates are provided to all employees and long-term contractors in addition to the training that is provided to all new staff joining the Company. As Capricorn enters new countries, monitoring is undertaken, and training is refreshed. Further information regarding these policies can be found on the Group's website.

Other matters:

Provision of non-audit services

Capricorn has a long-established policy in relation to the supply of non-audit services by the external auditor. The Group will engage an external adviser to provide non-audit services on the basis of the skills and experience required for the work, where benefit will be derived as a result of the third party's knowledge of the Group and at a reasonable cost. These advisers may include the Group's external auditor, under a restricted set of circumstances as permitted under the 2024 FRC Ethical Standard, although, before the engagement commences, the Audit Committee must be satisfied that the auditor's objectivity and independence would not be compromised in any way as a result of being instructed to carry out those services.

The policy on approval of non-audit fees for the Group's auditor is re-approved annually. All non-audit fees should be approved by the Audit Committee in advance of the engagement with a practical workaround of only seeking approval from the Committee Chair, rather than seeking full committee approval, in advance for fees below an approved threshold of £100,000. This approval will then be ratified at the next meeting of the committee.

The policy is available online on the Group's website.

A full analysis of remuneration paid to the Group's external auditor in respect of both audit and non-audit work is provided in note 7.5 to the Financial Statements.

Board and committee performance evaluation

Details of Board and Audit Committee performance can be found on page 39.

Tom Pitts

Audit Committee Chair

27 March 2025

SUSTAINABILITY COMMITTEE REPORT

Members and meetings in 2024

	Member since	Resigned	Meetings attended/meetings held in 2024 during membership
Patrice Merrin (Chair)	June 2023	–	2/2
Sachin Mistry	May 2024	–	1/1
Randy Neely	June 2023	–	2/2
Hesham Mekawi	February 2023	June 2024	1/1

I am pleased to present Capricorn's Sustainability Committee Report for 2024.

Matters of environment, safety, social responsibility and sustainability are considered within each Board deliberation and decision and are, therefore, a key element of the Company's Board meetings. It is important that leadership sets the tone from the top, particularly in relation to setting strategy and metrics, and therefore the Board has continued to support and promote a dedicated committee to review the Company's sustainability initiatives and reporting. Delegating the responsibilities which originally sat with the Board allows additional focus and scrutiny. It is intended that the Sustainability Committee will continuously identify areas where Capricorn can improve, as well as ensuring high standards of governance and reporting in this area.

I am joined in membership of the committee by Randy Neely and Sachin Mistry. Together we have extensive knowledge and awareness of the importance of sustainability in this industry and in the wider environment as we move through the energy transition.

The remit of the committee includes:

- advising and supporting the Board in the drafting of the sustainability roadmap, and assessing progress and reviewing disclosures being made regarding the roadmap;
- reviewing the policies, practices and performance relating to sustainability and the disclosures and annual reporting on sustainability;
- reviewing the policies, practices and performance relating to safety, including in particular regarding the safe and responsible performance of the Group's operations;
- reviewing the policies, practices and performance relating to social responsibility; and
- reviewing the policies, practices and performance relating to environmental matters including the protection of the environment and disclosure of greenhouse gas (CHG) emissions.

The committee and Board remain committed to two meetings of the Sustainability Committee each year. The meetings of the committee took place in May and December 2024, with full committee attendance, and considered, amongst those matters listed above, the following key issues:

- received an ESG regulatory and reporting update from PwC. The update covered the current UK sustainability reporting landscape and potential future requirements;
- received an update on progress against key mandatory and voluntary reporting submissions, including Task Force on Climate-related Financial Disclosures (TCFD) and CDP;
- received an update on Capricorn's decarbonisation initiatives in the Egyptian assets;
- received an update on Capricorn's environmental, social and governance (ESG) ratings position relative to peers;
- received an update on the Group's charitable giving programme in the UK and the projects selected for support; and
- received an update on the Group's social investment projects in Egypt and the progress made in delivering the project objectives.

Further information on the Company's approach to sustainability matters can be found in the Strategic Report on pages 10 to 14 and 23 to 30.

Patrice Merrin

Sustainability Committee Chair

27 March 2025

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Members and meetings in 2024

	Member since	Resigned	Meetings attended/meetings held in 2024 during membership
Maria Gordon (Chair)	February 2023	–	2/2
Patrice Merrin	June 2023	–	2/2
Richard Herbert	May 2024	–	1/1
Craig van der Laan	February 2023	May 2024	1/1
Hesham Mekawi	February 2023	June 2024	1/1

Capricorn's Nomination & Governance Committee plays a leading role in ensuring that the composition of the Board is appropriate to enable the Company to deliver on its strategic aims whilst promoting its values and culture. It is vital that the Board has in its membership what is needed to provide appropriate challenge and effective leadership for the business, and the committee looks to ensure the Board maintains the correct balance of skills and representation. Board succession is an important area of planning for the ongoing success of the Company and is a key focus of the Nomination & Governance Committee.

The membership of the committee during 2024 is set out in the table above and is comprised solely of Independent Non-Executive Directors.

The remit of the Nomination & Governance Committee includes:

- reviewing and evaluating the structure, size and composition (including the balance of skills, knowledge, experience and diversity) of the Board;
- giving full consideration to succession planning for Directors and other senior executives, ensuring plans are in place for orderly succession and taking into account the Company's strategy and the challenges and opportunities that it faces;
- overseeing the development of a diverse pipeline for succession;
- ensuring that appointments made to the Board promote diversity of gender, social and ethnic backgrounds;
- monitoring the operation of the UK Corporate Governance Code and its implementation and compliance by the Company;
- reviewing developments in corporate governance and advising the Board with respect to developments in the law and practice of corporate governance; and
- reviewing and approving changes to the Board's corporate governance practices and policies.

Board changes

The Board benefited from greater stability following new appointments and 100% turnover in 2023. Craig van der Laan stepped down as Chair in May 2024 and a smooth transition of the role followed to existing Board member Maria Gordon. Having duly considered launching a process to include external candidates for the position as new Chair from May 2024, the Board agreed that it was appropriate for an existing Director to be elevated to the role of Chair without conducting an external search, particularly given Maria's strong mix of leadership, governance and strategic skills. Hesham Mekawi resigned in June 2024 to take up a full time international executive role and Sachin Mistry joined the Board in May 2024, bringing investment expertise to the Board.

The committee evaluates the balance of skills, knowledge, independence, experience and diversity on the Board and considers candidates on merit and against objective criteria and, within that context, has sought to ensure that any appointment made promotes diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths, ensuring also that appointees will have enough time available to devote to the relevant position. No member of the Nomination & Governance Committee, who was also a proposed appointee, has voted on his or her own appointment.

Succession planning

The Nomination & Governance Committee regularly considers the combination of skills, experience, independence and knowledge of the Company and makes recommendations as appropriate. Diversity is an important principle of a well-functioning Board and encompasses multiple aspects, including gender, social and ethnic diversity, and cognitive diversity to ensure the that the Board benefits from a wider selection of personal strengths and experience. All appointments are made on merit and objective criteria, promoting the diversity principles.

Working together, the Board and Nomination & Governance Committee maintain a comprehensive succession plan for appointments to the Board, ensuring there is an appropriate balance of skills and experience that continues to align with the Company's strategic aims. Details of the competencies of the Board are noted in the Corporate Governance Statement on page 38. External commitments of the Board are also regularly reviewed and the committee are of the opinion that the Board members are able to allocate sufficient time to the Company to undertake their roles and effectively discharge their responsibilities, despite some members having executive and non-executive roles in other companies. As the Company continues to refine its strategy, in early 2025 the committee will further examine the requirement to bring further diversity to the Board.

The Company's succession planning includes contingency plans for the sudden or unexpected departure of an Executive Director and other senior roles, which are reviewed by the Board.

The Board has a good understanding of the Company's talent management and succession planning, receiving regular updates from the Head of HR, as well as knowledge of the range of measures being used to continue to develop and recruit talented senior employees.

Diversity

The Nomination & Governance Committee recognises the value of building a diverse Board, not just in terms of gender and social and ethnic background, but also to promote diversity of cognitive and personal strengths. There have been two women members of the Board throughout 2024 and as at 31 December 2024 women currently represent 33.3% of the Board membership (being two women out of six members). The Board acknowledges that the Company does not currently meet the 40% targets for women on the Board or in senior Board positions, and recognises that, to gain the benefits of a diverse membership, further female representation is required.

	Number of Board members ¹	Percentage of the Board	Number of senior positions on the Board (CEO, CFO ² , SID and Chair)	Number in executive management	Percentage of executive management
Men	4	66.7%	2	5	100%
Women	2	33.3 %	1	0	0%
Not specified/prefer not to say	–	–	–	–	–

Notes:

- (1) Data for this table was collected through a standardised process of self-declaration.
 (2) The CFO is not a Director therefore he has been excluded from this analysis.

The Directors' range of knowledge and practice covers not only a wealth of experience of operating in the oil and gas industry but also extensive technical, operational, financial, governance and commercial expertise. Since 1 January 2024, the Board continues to be diverse in terms of the range of nationalities, culture and international experience of its members. The committee will continue to monitor and consider diversity for all future Board appointments, whilst also continuing to recruit on merit.

	Number of Board members ¹	Percentage of the Board	Number of senior positions on the Board (CEO, CFO ² , SID and Chair)	Number in executive management ³	Percentage of executive management
White British or other white (including minority white groups)	5	83%	3	4	80%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	17%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	1	20%
Not specified/prefer not to say	–	–	–	–	–

Notes:

- (1) Data for this table was collected through a standardised process of self-declaration.
 (2) The CFO is not a Director therefore he has been excluded from this analysis.
 (3) Eddie Ok joined the Company as Chief Financial Officer with effect from 6 April 2024. This table reflects the position following his appointment.

NOMINATION AND GOVERNANCE COMMITTEE REPORT CONTINUED

The Company does not have a fixed target for diversity at Board level but applies the Company wide diversity policy to all appointments. The Company is adjusting to changing needs of the business and the impact of Board turnover in 2023. The priority for the immediate future will be the stability and retention where appropriate of current Board members. This will restrict the ability of the Company to seek specific targets for diversity in the immediate 12 months.

At levels below the Board, we continue to think more broadly than gender diversity in all areas of our work, taking into account diversity in many dimensions. Our diversity and inclusion strategy aims to nurture an inclusive and sustainable culture, where differences are encouraged, embraced and recognised as key drivers of value to all our stakeholders. A diverse and inclusive culture, where everyone can uniquely contribute and thrive, and which values and encourages individual differences is nurtured throughout Capricorn. The Board is committed to ensuring such a culture is embedded in the organisation. Looking at our broader talent pool, the gender diversity of our employee population is 40% female and 60% male. The Board and the committee will continue to monitor and consider diversity for all future Board and senior management appointments, whilst also continuing to recruit on merit. Diversity and inclusion (D&I) remains an important focus of the Company and is embedded within our strategic framework, which is designed to cultivate D&I across the business.

Our Code of Ethics and associated Company policies commit Capricorn to providing a workplace free of discrimination where diversity is valued and all employees can fulfil their potential based on merit. We also strive to ensure there is a fully inclusive workplace, while providing the right development opportunities to ensure existing staff have rewarding careers. During the year, the Company undertook a group-wide survey of all staff on perceptions concerning the culture of the Company including equity and inclusion within the organisation.

Looking forward to 2025, the Board and Nomination & Governance Committee, alongside the Capricorn organisation, will continue to promote diversity in its widest possible sense. Our strategies, policies and practices encourage this and seek to ensure that the potential of our team can be met, driving the success of the individuals within it and the business as a whole.

Board and committee performance evaluation

The Board is committed to annual evaluations of its performance in order to assess and improve its effectiveness on an ongoing basis, with the individual Directors also evaluated to determine whether each Director continues to contribute effectively. The Board evaluation for 2024 was conducted externally and a summary of the results and recommendation are included within the Corporate Governance section of the Annual Report on page 39. The Nomination & Governance Committee will continue to work together with the Board in seeking to address any performance evaluation outcomes relating to Board composition and succession planning.

Maria Gordon

Nomination & Governance Committee Chair

27 March 2025

DIRECTORS' REMUNERATION REPORT

Members and meetings in 2024

	Member since	Resigned	Meetings attended/meetings held in 2024 during membership
Richard Herbert (Chair)	June 2023	–	5/5
Tom Pitts	February 2023	–	5/5
Maria Gordon	February 2023	–	5/5

PART 1 – ANNUAL STATEMENT FROM THE CHAIR OF THE COMMITTEE

Dear Shareholder,

As the Chair of Capricorn's Remuneration Committee, I am pleased to present our Directors' Remuneration Report for 2024, a period during which we continued to apply the executive remuneration policy that was strongly supported at the 2023 AGM (the "Approved Remuneration Policy").

The committee remains of the view that the Approved Remuneration Policy is still fit for purpose and it will, therefore, continue to be applied during 2025. The Approved Remuneration Policy, as originally presented to shareholders, can be found on pages 79 to 87 of the 2022 Annual Report and Accounts (a copy of which is available on the Company's website at www.capricornenergy.com/annual-report-2022).

Part 2 of this report, which contains our Annual Report on Remuneration, explains how the Approved Remuneration Policy was applied throughout 2024 and also sets out how it will be operated in 2025. This Remuneration Report will be subject to an advisory vote at the AGM to be held on 22 May 2025.

New Chair of the committee

On 23 May 2024 I replaced Maria Gordon as Chair of the committee following her appointment as Chair of the Company.

Summary of 2024 business context and key remuneration decisions

The work of the committee in 2024 was conducted against a backdrop of a year in which the Company continued to improve its financial discipline and the operational performance of the Egyptian business, which helped the Company achieve the upper end of production guidance.

Against this background, the key remuneration related decisions made by the committee in 2024 are described in more detail in the Annual Report on Remuneration contained on pages 55 to 66 and can be summarised as follows:

- *Base salary increases*
Notwithstanding the 5% standard annual salary increase awarded to the wider employee group for 2024, the base salary of the Chief Executive Officer, Randy Neely, did not change with effect from 1 January 2024 and remained at the £500,000 level paid in 2023.
- *2024 annual bonus – structure and outturn*
Under the Executive Director's bonus scheme for 2024 (the overall structure of which was unchanged from the prior year), the Chief Executive Officer was eligible for an annual bonus of up to 125% of salary that was entirely dependent on the achievement of Group KPIs.
Based on an assessment of the extent to which the relevant targets were achieved at the end of the year, the committee made a bonus award to Randy Neely of 86% of maximum (equating to 107.5% of annual salary). Under the Approved Remuneration Policy, 75% of this award has been paid to Randy in cash, with the balance being delivered to him in the form of a deferred share award that will normally vest after a period of three years.
- *LTIP – grant of 2024 awards*
During 2024, the committee made further grants under the Company's Long-term Incentive Plan ("LTIP") that was adopted at the 2017 AGM. Consistent with the approach that was adopted in 2023, the Chief Executive Officer's award was granted at 200% of salary and its vesting is dependent on the achievement of specified absolute shareholder return targets (further details of which can be found on page 60) that will be measured over the period of three years to 31 December 2026.
- *DBP – grant of awards relating to 2023 annual bonus plan*
On 2 April 2024, Randy Neely was granted a share award under the terms of the Company's Deferred Bonus Plan ("DBP"). This grant (further details of which can be found on page 61) related to the deferred element of his 2023 annual bonus.

DIRECTORS' REMUNERATION REPORT CONTINUED

– *Other decisions made, and discretions exercised, by the committee during 2024*

The only other substantive decisions made and/or discretions exercised by the committee during 2024 related to the operation of the Company's various share-based incentive schemes. In particular, the committee:

- assessed the extent to which the performance conditions attached to certain outstanding incentive awards that were granted in 2021 had been satisfied. The result of this assessment was that the awards in question (none of which were held by current or former Executive Directors) immediately lapsed in full;
- exercised its discretion to disapply 'dividend equivalent' rights attaching to LTIP awards in relation to the special dividend paid as part of the return of cash that was approved by shareholders in May 2024; and
- decided to give participants in the Company's Share Incentive Plan (SIP) the ability, if they so wished, to reinvest the above noted special dividend that was paid in respect of their plan holding in further 'dividend shares'.

Consideration of remuneration arrangements for the wider workforce during 2024

The Company continued to consider remuneration practice in relation to all staff when determining share scheme awards and senior executive pay arrangements in accordance with current policy. Dialogue with, and consideration of, staff remains an important focus for the Company through various mechanisms including meetings of the Company's EVF which continued to be chaired by me throughout 2024.

Decisions have been made by the committee in the context of the requirements of the 2018 UK Corporate Governance Code and, in particular, after considering the various factors set out in its Provision 40, being clarity, simplicity, risk, predictability, proportionality and alignment to culture. The committee is satisfied that, during 2024, the Approved Remuneration Policy operated as intended and delivered outcomes that fairly reflected business achievements over the year.

Implementation for 2025

An overview of the way in which the Approved Remuneration Policy will be applied in 2025 is set out on page 66 in the Annual Report on Remuneration. In summary:

- following a review by the committee, it has been concluded that there be no increase to the salary of Randy Neely. A salary increase from January 2025 was awarded to the workforce (3% for the UK based employees and 18% for Egypt based employees);
- the Chief Executive Officer's bonus scheme for 2025 will be similar to the one operated in 2024, being an opportunity to receive a bonus of up to 125% of base salary depending on the extent to which specified measures relating to the Company's strategic priorities for the period are satisfied; and
- given the extensive consultation that took place on the Company's long-term incentivisation arrangements in 2023, and to ensure a consistency of approach, the LTIP will be operated in 2025 in broadly the same manner as in 2024 with an award of 200% of salary being made to Randy Neely, the vesting of which will be conditional on the satisfaction of recalibrated shareholder return targets.

Feedback on Directors' Remuneration Report

As your Remuneration Committee Chair, I remain committed to an approach to pay which is aligned with our strategy and which is in the best interests of the business and our stakeholders. I am keen to maintain the current dialogue with our investors so that the different perspectives on pay are taken into account by the Committee when making key decisions.

We welcome questions and feedback from all those interested in the content of this report. We also look forward to receiving your support for the Directors' Remuneration Report at the AGM to be held in May 2025.

Richard Herbert

Remuneration Committee Chair

27 March 2025

PART 2 – ANNUAL REPORT ON REMUNERATION

Introduction

This Annual Report on Remuneration provides details of the way in which the committee operated during the financial year to 31 December 2024 and explains how Capricorn's Approved Remuneration Policy (which was approved by shareholders at the Company's AGM held on 26 June 2023) was implemented during that period. It also summarises how the policy will be applied in 2025.

In accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the "Regulations"), this part of the report will be subject to an advisory vote at the 2025 AGM.

The Company's auditor is required to report to Capricorn's shareholders on the 'auditable parts' of this Annual Report on Remuneration (which have been highlighted as such below) and to state whether, in their opinion, those parts have been properly prepared in accordance with the Regulations and the Companies Act 2006.

On the basis that Capricorn has fewer than 250 UK employees, the Company is not required to:

- publish or report its gender pay gap information; or
- provide pay ratio information in relation to the total remuneration of the Chief Executive.

Operation of the Remuneration Committee during 2024

Members of the Remuneration Committee

The members of the Remuneration Committee during 2024 were as follows:

- Richard Herbert (became the committee's Chair on 23 May 2024);
- Maria Gordon (ceased to be Chair of the committee on 23 May 2024); and
- Tom Pitts.

The individuals who served on the committee during 2024, each of whom was an independent Non-Executive Director of the Company throughout the period, had no personal financial interest (other than as shareholders) in the matters decided, no potential conflicts of interest from cross-directorships and no day-to-day involvement in running the business. Details of attendance at the committee's meetings during 2024 are shown in Part 1 above. Prior to his appointment as Chair, Richard Herbert had served on the remuneration committee of another public company for more than 12 months.

Biographical information on the individuals who are currently committee members is shown on pages 36 and 37.

Internal assistance provided to the committee

The Company's Chief Executive Officer is not a member of the Remuneration Committee but may attend its meetings by invitation and is consulted in respect of certain of its proposals. The Chief Executive Officer is not involved in any discussions in respect of their own remuneration. During the year, the committee also received assistance and advice on remuneration policy from the Legal Director.

External assistance provided to the committee

As and when the Remuneration Committee considers it appropriate, it takes external advice on remuneration from a number of sources. During the year, it received the following assistance:

Adviser ³	Assistance provided to the committee during 2024	Fees for committee assistance in 2024 ¹	Other services provided to the Company during 2024
Deloitte LLP ²	Appointed by the committee to give periodic advice on various aspects of the directors' remuneration packages. Also assisted with the preparation of the 2023 and 2024 Directors' Remuneration Reports and provided support on a number of miscellaneous remuneration-related projects.	£24,900	Provided advice on various aspects of remuneration practice across the Group.
Shepherd and Wedderburn LLP ⁴	Appointed by the Company to carry out regular calculations in relation to the LTIP performance conditions. Also assisted with the preparation of the 2023 and 2024 Directors' Remuneration Reports.	£15,757	General legal services to the Group throughout the year.

Notes:

- (1) The bases for charging the fees set out in the table were agreed by the committee at or around the time the particular services were provided and, in general, reflected the time spent by the adviser in question on the relevant matter.
- (2) Deloitte LLP is a member of the Remuneration Consultants Group and its work is governed by the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte LLP were selected to provide services to the Company following a competitive tender process in 2023.
- (3) The committee reviews the performance and independence of all its advisers on a continuous basis. No issues relating to performance or independence were noted by the committee during the year.
- (4) Shepherd and Wedderburn LLP continue to provide legal services to the Company following a long standing corporate relationship.

DIRECTORS' REMUNERATION REPORT CONTINUED

Statement of shareholder voting at general meetings

The table below shows the voting outcome at the last general meeting(s) at which shareholders were asked by the Company to approve a resolution relating to its Directors' Remuneration Report and Directors' Remuneration Policy.

Description of resolution	Date of general meeting	Number of votes 'For' and 'Discretionary'	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld' ¹
To approve the 2023 Directors' Remuneration Report	23 May 2024	53,352,788	98.48%	825,681	1.52%	54,178,469	14,855
To approve the 2023 Directors' Remuneration Policy	26 June 2023	102,605,294	99.33%	689,037	0.67%	103,294,331	8,819

Note:

(1) A vote withheld is not a vote in law.

The committee welcomed the endorsement of both the above resolutions that was shown by the vast majority of shareholders at the relevant meetings and gave due consideration to any concerns raised by investors who did not support the resolutions.

Single total figure table for 2024 (audited)

The tables below set out the remuneration received by the Executive Director and Non-Executive Directors during the year in the following categories.

Executive Director during 2024

Financial year	Fixed remuneration				Variable remuneration				Totals			
	Salary and fees	Benefits ¹	Pension ²	SIP ³	Annual bonus ⁴ ...			Long-term incentives ⁵	Total remuneration	Total fixed remuneration	Total variable remuneration	
					...paid in cash	...deferred into shares	...total bonus					
Executive Director												
Randy Neely ⁶	2024	£500,000	£4,266	£62,500	£3,599	£403,125	£134,375	£537,500	£0	£1,107,865	£570,365	£537,500
	2023	£291,667	£15,764	£36,458	£3,599	£195,116	£65,038	£260,154	£0	£607,642	£347,488	£260,154

Notes:

- (1) The standard taxable benefits available to the Executive Director during 2024 (unchanged from 2023) were permanent health insurance, private dental and health insurance, death-in-service benefit and a gym and fitness allowance. In 2023, Randy Neely was also reimbursed for non-recurring fees totalling £12,775 that were incurred by him during that period in connection with the receipt of immigration services.
- (2) Additional disclosures relating to the pension provision for the Executive Director during 2024 are set out on page 57.
- (3) This column shows the face value (at date of award) of matching and free shares provided to the Executive Director under the all employee SIP during the relevant period. Further details on the way in which the SIP was operated during 2024 are set out on page 62.
- (4) Under the Company's 2024 annual bonus scheme for Executive Directors, 75% of any amount awarded to an individual is paid out in cash with the balance being delivered in the form of a deferred share award, which normally vests after a period of three years from grant. Further information in relation to the annual bonus scheme for 2024 is provided on pages 58 to 59.
- (5) There was no vesting of LTIP awards in respect of 2023 and 2024.
- (6) Randy Neely became an employee of the Company on 1 July 2023 and was appointed as Chief Executive Officer on that same date.
- (7) Following the end of the year to 31 December 2024, the committee considered whether there were any circumstances that could or should result in the recovery or withholding of any sums pursuant to the clawback arrangements contained within the Company's Approved Remuneration Policy. The conclusion reached by the committee was that it was not aware of any such circumstances.

Non-Executive Directors

	Financial year	Fixed remuneration ¹		Totals
		Salary and fees	Benefits	Total remuneration
Directors				
Maria Gordon ²	2024	£210,962	–	£210,962
	2023	£110,000	–	£110,000
Richard Herbert	2024	£118,333	–	£118,333
	2023	£103,430	–	£103,430
Sachin Mistry ³	2024	–	–	–
	2023	–	–	–
Tom Pitts	2024	£105,000	–	£105,000
	2023	£105,417	–	£105,417
Patrice Merrin ⁶	2024	£95,000	–	£95,000
	2023	£49,327	–	£49,327
Former Directors				
Craig van der Laan ^{4,5}	2024	£107,654	£1,233	£108,887
	2023	£247,500	£1,500	£249,000
Hesham Mekawi ⁴	2024	£90,000	–	£90,000
	2023	£129,231	–	£129,231

Notes:

- (1) Non-Executive Directors do not receive any pension, annual bonus or long-term incentives from the Company.
- (2) Maria Gordon was appointed as Chair of the Company on 23 May 2024 (prior to which she was a Non-Executive Director).
- (3) Sachin Mistry was appointed as a Director on 23 May 2024. In terms of the relationship agreement between the Company and Palliser Capital, he is not entitled to any remuneration, fee, bonus or other financial reward or compensation in connection with this role.
- (4) Craig van der Laan and Hesham Mekawi stepped down from the Board on 23 May 2024 and 27 June 2024 respectively. In both cases, their fees for 2024 in the above table reflect the period from the start of the year to the date of departure.
- (5) Craig van der Laan's benefits in 2023 and 2024 relate to the reimbursement of costs associated with the preparation and lodgement of UK tax returns.
- (6) Patrice Merrin was appointed to the Board on 26 June 2023.

Executive Director's base salary during 2024 (audited)

On his appointment as Chief Executive Officer on 1 June 2023, Randy Neely's annual salary was set at £500,000 which remained unchanged during 2024.

Executive Director's pension provision during 2024 (audited)

In accordance with the terms of the Approved Remuneration Policy, the Company operates a defined contribution, non-contributory Group personal pension plan which is open to all UK permanent employees. During 2024, the Company contributed 12.5% of basic annual salary on behalf of all qualifying employees (including Executive Directors).

The Company also has a pension committee which meets on a regular basis to assess the performance and suitability of the Company's pension arrangements.

Randy Neely received cash payments in lieu of pension equal to 12.5% of basic salary entitlement for the year ended 31 December 2024, details of which are set out on the previous page in the "pension" column of the single total figure table.

Annual bonus – 2024 structure and outcome (audited)

During 2024, Capricorn operated an annual bonus scheme for all employees and Executive Directors. The maximum level of bonus award for the Chief Executive Officer was 125% of salary.

For all participants other than the Chief Executive Officer, 2024 bonus awards were based on achievement against a mixture of personal objectives, project-based KPIs and Group-wide KPIs. When determining the level of award attributable to the personal performance element of these individuals' bonuses, consideration was also given to the extent to which they demonstrated the Company's 'high performance behaviours' during the period and also the level of their understanding, application and compliance with the Company's various standards and policies. The final level of all bonuses awarded to employees below Executive Director/PDMM (persons discharging managerial responsibilities) level was reviewed and approved by the committee.

Consistent with the approach adopted in 2023, 100% of the Chief Executive's bonus opportunity for the year to 31 December 2024 was determined by reference to the extent to which certain Group KPIs were achieved. A summary of the relevant targets, ascribed weightings, payment scales and achievement levels is set out on the next page.

DIRECTORS' REMUNERATION REPORT CONTINUED

KPI measures and performance achieved in 2024

Performance measure	Weighting	Threshold (0%)	Target (1% to 99%)	Stretch (100%)	Performance score
Production					
Production in line with market guidance	15%	Low end of guidance	Middle of guidance	At or above guidance	15% ¹
Opex per bbl cost targets in line with market guidance	5%	High end of guidance	Middle of guidance	At or below guidance	5% ²
Deliver effective Reserves Conversion Ratio in relation to production	5%	RCR = 25%	RCR≥50%	RCR≥75%	2% ³
Financial Performance					
Improve receivables position	20%	≥10 EGP payments of \$5m and 2 cargoes of payment equivalent	≥10 EGP payments of \$5m and 3 cargoes of payment equivalent	≥10 EGP payments of \$5m and 4 cargoes of payment equivalent	18% ⁴
Liquidity management	3%	Stretch target met if company is a going concern			3% ⁵
Compliance with debt liquidity covenants	2%	Stretch target met if zero breaches			1% ⁶
Corporate projects					
Delivery of projects of strategic significance	12.5%	Measured against progress in portfolio expansion including asset due diligence completed and assets secured			11% ⁷
Progress negotiations with EGPC to improve fiscal terms	12.5%	Measured against progress with EGPC over fiscal terms negotiation			12% ⁸
HSSE/ESG					
Achieve positive LTIF against benchmarks and no spills to the environment	2.5%	Stretch target met if performance better than IOGP benchmarks			2.5% ⁹
Safety workshops, safety leadership visits and social investments	2.5%	No objectives completed	Two objectives completed	All objectives completed	2.5% ¹⁰
Emissions reductions versus relevant baselines	2.5%	0% reduction	5% reduction	10% reduction	2.5% ¹¹
Sustainability reporting	2.5%	Stretch target met if reporting completed against TCFD, CDP and GRI (Global reporting initiative)			2.5% ¹²
Partnerships					
Collaboration with partners on production, technical and compliance matters	10%	Compliance objective	Threshold plus technical objectives	Target plus production objective	6% ¹³
Mature the unconventional across Badr El Din (BED) and WEF concessions	5%	Progress against measured against technical work and drilling			3% ¹⁴
Overall performance					86%

Notes:

- (1) Target fully met: Full year production was at the top end of guidance.
- (2) Target fully met: OPEX costs were below guidance.
- (3) Target partially met: New activity resulted in a Proved, Developed and Producing (PDP) ratio of 43%.
- (4) Target partially met: Stretch target was met but points deducted to recognise overall receivables balance.
- (5) Target fully met: Group continues to operate as a going concern.
- (6) Target partially met: Deliberate action was taken to preserve liquidity in the face of non-payment by Egypt which resulted in an event of default on the Senior facility.
- (7) Target partially met: Extensive due diligence completed on several assets.
- (8) Target fully met: Significant progress achieved in EGPC negotiations.
- (9) Target fully met: LTIF rate lower than IOGP benchmarks.
- (10) Target fully met: Safety projects completed, and social investment programme delivered.
- (11) Target fully met: Emission reductions greater than 10%.
- (12) Target fully met: Continued reporting against TCFD, CDP and GRI.
- (13) Target partially met: Score reflects some of the challenges in the JV partnership.
- (14) Target partially met: Good progress on maturing the unconventional but there were delays to drilling programme.

2024 annual bonus scheme – overview of award and actual payments made

In accordance with its normal practice, the above outturn from the assessment of the Group KPIs was subject to a further review by the committee in order to assess whether the resulting level of award that it would generate for the Chief Executive Officer under the annual bonus scheme structure for 2024 would be fair and reasonable in the context of the Company's overall financial and operational performance during the year. In particular, due consideration was given to strong performance in Egypt reflected by the share price improvement in the reporting period. The conclusion reached was that the amounts to be paid to the Chief Executive Officer were appropriate in the circumstances and there was no requirement for the committee to make any adjustments pursuant to its overarching discretion under the annual bonus scheme, details of which are set out in the Approved Remuneration Policy.

The application of the outturn from the above performance condition assessments resulted in an outcome of 86% of maximum for Randy Neely.

		Randy Neely Group KPI measures
Award calculation	Max. bonus opportunity (as % of salary)	125%
	X	
	Award percentage (as calculated above)	86%
	=	
	Total award (as % of salary)	107.5%
	Total award (as an amount)	£537,500
Form of payment	Cash payment ¹	£403,125
	Deferred share award ²	£134,375

Notes:

- The cash payment due under the annual bonus scheme was paid to the Chief Executive Officer shortly after completion of the assessment of the relevant performance measures and conditions.
- Under the Company's annual bonus scheme for 2024, 25% of any amounts awarded are delivered in the form of share awards granted under the DBP. Any such awards normally vest on the third anniversary of grant, with such vesting usually being conditional only on the continued employment of the individual with the Group. Full details of the award made to the Chief Executive Officer in respect the annual bonus scheme for 2024 (which was granted after the year-end) will be included in next year's Annual Report on Remuneration.

Long-term incentives

Introduction

During the year to 31 December 2024, the Chief Executive Officer participated in the Company's Long-term Incentive Plan ("LTIP") (which was approved by shareholders at the AGM held on 19 May 2017) and its Deferred Bonus Plan ("DBP").

The LTIP enables selected senior individuals to be granted conditional awards or nil-cost options over ordinary shares, the vesting of which is normally dependent on both continued employment with the Group and the extent to which pre-determined performance conditions are met over a specified period of three years. The Chief Executive Officer did not have any LTIP awards vesting in respect of the financial year ending 31 December 2024.

The DBP is the mechanism by which the required proportion of an Executive Director's annual bonus can be deferred into shares; it involves the individual being granted a conditional award or nil-cost option over ordinary shares with a face value equal to the amount of bonus being deferred. The vesting of any such awards (which will normally take place on or around the third anniversary of grant) is normally dependent on continued employment with the Group. Such vesting is not, however, conditional on the satisfaction of any additional performance conditions.

LTIP awards granted during 2024 (audited)

Overview of award granted

On 2 April 2024, the following award under the LTIP was granted to the Chief Executive Officer:

	Form of award	Basis of award granted	Share price at date of grant ³	No. of shares over which award originally granted	Face value (£000) of shares over which award originally granted ⁴	% of shares over which award originally granted that vest at threshold	Vesting determined by performance over
Randy Neely	Nil-cost option	2 x base salary of £500,000	£1.75	571,428	£1,000	0%	3 years up to 31 December 2026

Notes:

- Details of the performance conditions applicable to the above award are provided on the following page.
- No price is payable by participants for their shares on the exercise of a nil-cost option granted under the LTIP.
- This figure represents the closing mid-market price of a share in the Company for the dealing day immediately preceding the date of grant (the actual closing price on 2 April 2024 was £1.71).
- The value shown in this column has been calculated by multiplying the "number of shares over which the award was originally granted" by the "share price at date of grant".
- In the period following the grant of the above award, no change has been made to the exercise price or the date on which it will become exercisable.

DIRECTORS' REMUNERATION REPORT CONTINUED

Performance conditions

In line with the approach that was adopted in 2023, and consistent with feedback previously received during meetings with major shareholders, the committee determined that the vesting of LTIP awards granted in 2024 would be linked to the satisfaction of the following share price targets at the end of a prescribed period of three years.

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 US\$2.557	0%
US\$3.669	100%
Between US\$2.557 and US\$3.669	0%-100% on a straight-line basis

Notwithstanding the extent to which the above targets have been satisfied, there are a number of circumstances in which the committee can adjust the level of vesting applied to the award. When determining whether to adjust the level of vesting, the committee will take into account all factors which it deems relevant at the time including, but not limited to, the underlying performance of the Company and/or the individual, the progress made against execution of the Company's strategy and the wider external environment in which the Company operates. In particular, final 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.

Additional information in relation to the above targets is as follows:

- when calculating the level of achievement, share prices will normally be averaged over a 90-day period;
- the share price targets can be varied to take account of post-grant events such as share capital variations and returns of capital; and
- in accordance with the terms of the Approved Remuneration Policy, and irrespective of the Company's share price performance over the measurement period, the committee retains the discretion (in exceptional circumstances) to adjust the vesting outcome for the award where the original result produced by the application of the performance conditions would be inappropriate or unreasonable given the circumstances that exist at that time.

Post vesting holding period

Following its vesting, the award granted to the current Chief Executive Officer in 2024 will be subject to a two-year holding period during which it cannot normally be exercised.

Dividend equivalent rights

As with awards granted under the LTIP in previous years, the 2024 grant to the current Chief Executive Officer was made on terms that he will receive a payment (in cash and/or shares) on, or shortly following, the settlement of his award of an amount equivalent to the dividends that would have been payable on the shares acquired between the date of grant and the expiry of any applicable holding period. Where required, the committee will decide the basis on which the value of such dividends will be calculated, which may assume the reinvestment of dividends. The rules of the LTIP also give the committee the discretion to disapply these provisions in relation to all or part of any special dividend. This discretion was exercised by the committee in relation to each of the special dividends that were paid by the Company during 2023 and 2024 on the basis that the economic position of participants in the LTIP was effectively preserved through the operation of the share consolidation that formed part of the return of cash mechanism on each occasion.

LTIP – awards vesting/lapsing during the year (audited)

No awards granted to Executive Directors of the Company vested or lapsed during 2024.

LTIP – awards exercised during 2024 (audited)

Details of previously vested LTIP awards (which were in the form of nil-cost options) that were exercised during 2024 by individuals who were former Executive Directors are as follows:

	Date of grant	Plan	Date of vesting	Date of exercise ¹	Number of shares acquired on exercise	Exercise price	Market value of shares on date of exercise	Gain on exercise
Former Directors								
Simon Thomson	13/03/19	LTIP	16/03/22	19/03/24	507,151	Nil	£1.4206	£720,459
James Smith	13/03/19	LTIP	16/03/22	15/04/24	329,853	Nil	£1.655	£545,907

Notes:

- (1) Both of the exercises set out in this table occurred after the date on which the individual in question ceased to be an Executive Director.
- (2) In accordance with the Company's post-employment shareholding requirements for Executive Directors, the net-of-tax number of shares acquired by Simon Thomson and James Smith pursuant to these exercises was immediately placed in a nominee structure and must normally be retained by them until the second anniversary of their cessation of employment.

LTIP – other awards held by Executive Directors during 2024 (audited)

For the sake of completeness, set out below are details of the other unvested award under the LTIP that was held by the current Executive Director during the year:

	Date of grant ¹	Plan	Form of award ²	Basis of award granted	Share price at date of grant ³	No. of shares over which award originally granted	Face value (£000) of shares over which award originally granted ⁴	% of shares over which award originally granted that vest at threshold	Vesting determined by performance over
Director									
Randy Neely	28/07/23	LTIP	Nil-cost option	2 x base salary of £500,000	£1.857	538,502	£1,000	0%	3 years up to 31 May 2026

Notes:

- (1) Details of the performance conditions applicable to the above award were provided in last year's Directors' Remuneration Report.
- (2) No price is payable by participants for their shares on the exercise of a nil-cost option granted under the LTIP.
- (3) This figure represents the average of the closing mid-market prices of a share in the Company for the three dealing days immediately preceding the date of grant.
- (4) The value shown in this column has been calculated by multiplying the "number of shares over which the award was originally granted" by the "share price at date of grant".
- (5) During 2024, no change has been made to the exercise price of the above award or the date on which it will become exercisable.

DBP awards granted during 2024 (audited)

On 2 April 2024, the following grant under the DBP was made to the Chief Executive Officer in respect of the portion of his 2023 annual bonus award which was to be deferred in accordance with the Approved Remuneration Policy:

	Form of award ¹	Basis of award granted	Share price at date of grant ²	No. of shares over which award originally granted	Face value (£000) of shares over which award originally granted ³	% of shares over which award originally granted that vest at threshold	Vesting determined by performance over ⁴
Directors							
Randy Neely	Nil-cost option	25% x 2023 annual bonus award of £260,154	£1.75	37,164	£65	100%	N/A

Notes:

- (1) No price is payable by participants for their shares on the exercise of a nil-cost option granted under the DBP.
- (2) This figure represents the closing mid-market price of a share in the Company for the dealing day immediately preceding the date of grant (the actual closing price on 2 April 2024 was £1.71).
- (3) The value shown in this column has been calculated by multiplying the "number of shares over which the award was originally granted" by the "share price at date of grant".
- (4) The above award will normally vest on or around the third anniversary of its date of grant. As explained on page 59, such vesting is dependent on continued employment with the Group but not on the satisfaction of any additional performance conditions.
- (5) In the period following the grant of the above award, no change has been made to the exercise price or the date on which it will become exercisable.

Participation of executive directors in all-employee share schemes during 2024 (audited)

Introduction

In order to encourage increased levels of long-term share ownership amongst its general employee population, the Company launched an HM Revenue and Customs-approved SIP in April 2010. The SIP provides eligible employees, including Executive Directors, with the following benefits:

- "Partnership shares" – employees can authorise deductions of up to £1,800 per tax year from pre-tax salary, which are then used to acquire ordinary shares on their behalf.
- "Matching shares" – the Company can award further free shares to all participants who acquire partnership shares on the basis of up to two matching shares for every one partnership share purchased. For the tax year 2024/2025, the Company awarded two matching shares for every one partnership share purchased and intends to continue using this award ratio for the tax year 2025/2026.
- "Free shares" – employees can be given up to £3,600 worth of ordinary shares free in each tax year. On 26 April 2024, an award of free shares was made to employees.

In certain circumstances, the rules of the SIP also allow participants to reinvest dividends paid on their plan shares in further 'dividend shares'.

As the SIP is an 'all employee' arrangement, no performance conditions are imposed in relation to any matching or free shares awarded pursuant to its terms.

DIRECTORS' REMUNERATION REPORT CONTINUED

Details of executive directors' SIP participation in 2024

Details of the shares purchased by and awarded to Executive Directors under the SIP during the course of the year are as follows:

Director	Total SIP shares held at 01/01/24	Free shares awarded on 26/04/24 at a price of £1.688 per share	Total SIP shares held following share capital consolidation on 24 May 2024 ¹	Dividend shares purchased on 07/06/24 at a price of £1.705 per share ²	Total SIP shares held at 31/12/24
Randy Neely	2,107	2,132	3,326	1,069	4,395

Notes:

- (1) As a SIP participant at the time, and therefore the beneficial owner of the shares awarded to him at under the plan, Randy Neely benefited from the return of cash (and was subject to the associated share capital consolidation) in the same way as all other participants.
- (2) The committee decided to give participants in the SIP the ability, if they so wished, to reinvest the special dividend that was paid during 2024 in respect of their plan holding in further "dividend shares".

The total number of shares held (or previously held) by the above individual under the SIP is included in their beneficial shareholding disclosed in the Directors' Report on page 67.

Shareholding guidelines for Directors (audited)

A formal share ownership policy for Executive Directors has been in place for a number of years under which they are required, during employment, to build up and maintain a target holding, currently equal to 200% of salary. In order to facilitate the achievement of the requirement, the share ownership policy provides that, until the necessary holding is achieved, an Executive Director is normally obliged to retain shares with a value equal to 50% of the net-of-tax gain arising from any vesting or exercise under the Company's share incentive plans.

In addition, Executive Directors are normally obliged to maintain a specified holding of shares for a period of two years following cessation of employment. In particular:

- the requirement is to maintain a post-employment holding of relevant shares equal to 200% of final salary;
- if this targeted holding has not been achieved at the point employment ceases, the requirement will apply to all relevant shares held at that time;
- 'relevant shares' will include all shares acquired by the individual on the exercise of awards that vest under any of the Company's discretionary share plans, including the LTIP and the DBP (other than those that are sold in order to satisfy tax liabilities arising on exercise);
- shares subject to awards that vest but which remain unexercised (e.g. because a holding or deferral period applies), or which have been granted under the DBP, will also count as 'relevant shares', but on a net-of-tax basis;
- until such time as the 200% of salary target is achieved, any relevant shares acquired by an individual will be placed in a nominee structure;
- relevant shares held by or on behalf of an individual will also count towards the satisfaction of the 'in-service' share ownership policy that is described above;
- for the avoidance of doubt, any shares acquired by an individual other than pursuant to a discretionary share plan (e.g. purchases using his/her own resources) will not be subject to the post-employment holding requirement; and
- the committee will retain the discretion to reduce or waive the post-employment holding requirement in limited circumstances (such as on the death of the individual or where his/her personal circumstances change).

The following table discloses the beneficial interest of each Director in the ordinary shares of the Company as at 31 December 2024 (or date of cessation of directorship, if earlier). Following his appointment in 2023, Randy Neely is continuing to build his interest towards the shareholding guideline. His interest in Company shares will be enhanced through part deferral of the 2024 bonus and 2025 LTIP grants.

	Shares held			Ordinary shares over which LTIP and DBP awards held			Compliance with shareholding requirements		
	Ordinary shares ¹	Ordinary shares held in the SIP	Total holding of ordinary shares	Share awards not subject to performance conditions		Share awards subject to performance conditions ⁴	Total interest in ordinary shares	In-service requirement	Post-cessation requirement
				Vested awards ²	Unvested awards ³			Value of holding as a % of salary ^{5,6}	Value of holding as a % of salary ^{5,7}
Executive Director									
Randy Neely	–	4,395	4,395	–	37,164	1,109,930	1,151,489	11%	9%
Non-Executive Directors									
Maria Gordon	–	–	–	–	–	–	–	–	–
Richard Herbert	–	–	–	–	–	–	–	–	–
Sachin Mistry	9,223,965	–	9,223,965	–	–	–	9,223,965	–	–
Tom Pitts	–	–	–	–	–	–	–	–	–
Patrice Merrin	–	–	–	–	–	–	–	–	–
Former Directors									
Craig van der Laan	–	–	–	–	–	–	–	–	–
Hesham Mekawi	–	–	–	–	–	–	–	–	–

Notes:

- (1) Includes shares held by connected persons.
- (2) This column shows all vested but unexercised awards under the LTIP and DBP that were held by the director concerned as at 31 December 2024 (or date of cessation of directorship, if earlier). During 2024, no awards were exercised by any of the directors included in the above table.
- (3) This column shows all unvested awards under the DBP that were held by the director concerned as at 31 December 2024 (or date of cessation of directorship, if earlier).
- (4) This column shows all unvested and outstanding awards under the LTIP that were held by the director concerned as at 31 December 2024 (or date of cessation of directorship, if earlier) including those granted during the year. Details of these entitlements, the vesting of which is subject to the satisfaction of performance conditions, are set out on page 60.
- (5) Share price used is the average price for the period of 90 days up to and including 31 December 2024.
- (6) This holding includes (i) all shares held by the individual; and (ii) the net-of-tax number of all shares subject to vested but unexercised LTIP awards and outstanding DBP awards.
- (7) This holding includes the net-of-tax number of all shares subject to (i) vested but unexercised LTIP awards; and (ii) outstanding DBP awards.
- (8) The shareholding numbers noted in the table above were unchanged as at the earlier of 18th March 2025 or the date of cessation of directorship of the individual listed.

Loss of office payments and payments to past Directors during 2024 (audited)

Simon Thomson

As disclosed in the Directors' Remuneration Reports for the past two years, Simon Thomson stepped down from his position as Chief Executive Officer on 24 January 2023 and was subsequently placed on garden leave until 21 April 2023, at which time the Company exercised its right to end his employment and make a PILON for the balance of his contractual notice period (being 21 April 2023 to 1 February 2024) by way of phased monthly payments, subject to mitigation. In respect of the year to 31 December 2024, Simon received £63,851.

During 2024, both Simon Thomson and James Smith (who stepped down as Chief Financial Officer on 1 February 2023 and ceased employment on 14 April 2023) exercised their final outstanding awards under the LTIP which had vested prior to their cessation of employment. Details of these transactions are set out on page 60.

Dilution of share capital pursuant to share plans during 2024

In any 10-year rolling period, the number of ordinary shares which may be issued in connection with the Company's "discretionary share plans" (which includes the LTIP and the share option/award schemes used to incentivise less senior employees) cannot exceed 5% of the Company's issued ordinary share capital.

In addition, in any 10-year rolling period, the number of ordinary shares which may be issued in connection with all of the Company's employee share schemes (whether discretionary or otherwise) cannot exceed 10% of the Company's issued ordinary share capital. It should also be noted that all shares acquired by or awarded to participants under the SIP and the DBP are existing ordinary shares purchased in the market. As a result, neither the SIP nor the DBP involves the issue of new shares or the transfer of treasury shares.

Board appointments with other companies during 2024

The Board believes, in principle, in the benefits of Executive Directors accepting positions as Non-Executive Directors of other companies in order to widen their skills and knowledge for the benefit of the Company, provided that the time commitments involved are not unduly onerous. The Executive Directors are permitted to retain any fees paid for such appointments.

The appointment of any Executive Director to a non-executive position with another company must be approved by the Nomination & Governance Committee. In the case of a proposed appointment to a company within the oil and gas industry, permission will only normally be given if the two companies do not compete in the same geographical area.

DIRECTORS' REMUNERATION REPORT CONTINUED

Relative importance of spend on pay

Set out below are details of the amounts of, and percentage change in, remuneration paid to or receivable by all Group employees and distributions to shareholders in the years ended 31 December 2023 and 2024.

	Financial Year 2023	Financial Year 2024	% change
Employee costs (US\$m) ¹	36.8	10.3	(72)%
Distributions (US\$m) ²	560.0	57.1	(89.8)%

Notes:

- (1) 2024 employee costs are significantly lower than the prior year as a result of a material reduction in the Group's staff headcount.
(2) For the purposes of the above table, 'Distributions' include amounts distributed to shareholders by way of dividend and share buyback. The figure for 2024 represents the aggregate of: (i) the return of cash that took place in May of that year; and (ii) the share-buybacks that occurred in the period.

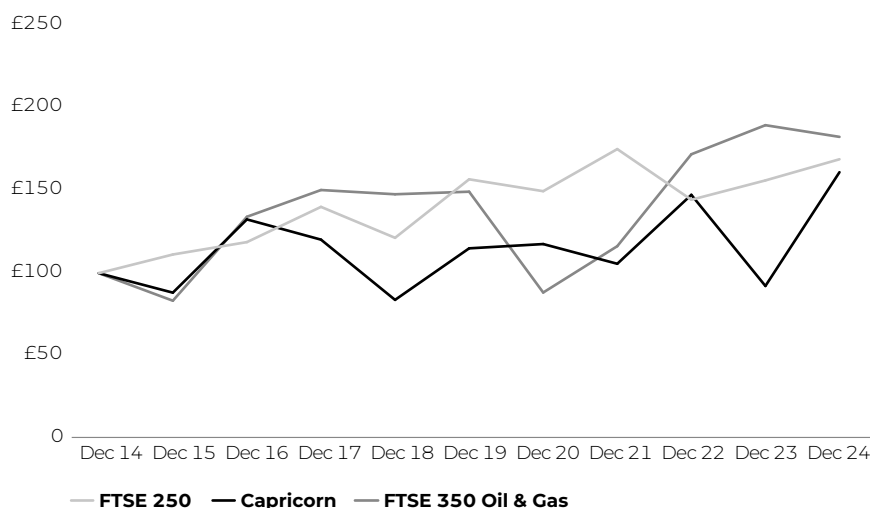
TSR performance graph and further information on Chief Executive pay

Introduction

The following chart demonstrates the growth in value of a £100 investment in the Company and an investment of the same amount in both the FTSE 250 Index and the FTSE 350 Oil & Gas Producers Index over the last 10 years. These comparisons have been chosen on the basis that: Capricorn was a constituent member of the FTSE 250 Index for a significant proportion of the previous 10 years; and the FTSE 350 Oil & Gas Producers Index comprises companies that are exposed to broadly similar risks and opportunities as Capricorn.

The table following the graph illustrates the movements in the total remuneration of the Company's Chief Executive during the same 10-year period.

Performance graph – comparison of 10-year cumulative TSR on an investment of £100



Total remuneration of Chief Executive during the same 10-year period

Financial year	Chief Executive	Total remuneration of Chief Executive ¹	Annual variable element award rates for Chief Executive (as % of max. opportunity)	Long-term incentive vesting rates for Chief Executive (as % of original award level)
2024	Randy Neely	£1,107,865	86%	N/A
2023	Randy Neely	£607,642	71% ²	N/A
2023	Chris Cox	£393,107	80% ³	N/A
2023	Simon Thomson	£49,155	N/A	N/A
2022	Simon Thomson	£1,908,773	22.5%	59%
2021	Simon Thomson	£1,950,892	60.5%	67.7%
2020	Simon Thomson	£1,479,731	75%	27.4%
2019	Simon Thomson	£1,173,630	65%	0%
2018	Simon Thomson	£2,204,001	70%	56.7%
2017	Simon Thomson	£2,992,615	76.9%	90.8%
2016	Simon Thomson	£2,081,601	80.2%	81.7%
2015	Simon Thomson	£1,292,167	75%	23.4%

Notes:

- (1) The amounts disclosed in this column have been calculated using the same methodology prescribed by the Regulations for the purposes of preparing the single total figure table shown on page 56.
(2) Randy Neely was awarded a bonus for the financial year to 31 December 2023 of 71% of maximum opportunity (being 125% of salary). This figure was then pro-rated by reference to the part of the year that he was employed by the Company, resulting in a final award of 52% of annual base salary.
(3) Chris Cox was awarded a bonus for the financial year to 31 December 2023 of 80% of the maximum opportunity (being 100% of salary). This figure was then pro-rated by reference to the part of the year that he was employed by the Company, resulting in a final award of 32.9% of annual base salary.

Percentage annual change in Directors' remuneration elements compared to all Group employees

The table below compares the percentage change in various elements of each Directors' remuneration between:

- 2023 and 2024;
- 2022 and 2023;
- 2021 and 2022;
- 2020 and 2021; and
- 2019 and 2020,

and the average percentage change in the same remuneration elements of all the Group's employees in respect of those same periods.

	Between 2023 and 2024			Between 2022 and 2023			Between 2021 and 2022			Between 2020 and 2021			Between 2019 and 2020		
	% change in base salary/fees	% change in taxable benefits	% change in annual bonus	% change in base salary/fees	% change in taxable benefits	% change in annual bonus	% change in base salary/fees	% change in taxable benefits	% change in annual bonus	% change in base salary/fees	% change in taxable benefits	% change in annual bonus	% change in base salary/fees	% change in taxable benefits	% change in annual bonus
All Group employees	7% ¹	(6.2)%	90%	6.0%	(24.0)%	(4.0)%	4.4%	(0.25)%	(13.0)%	2.0%	(6.1)%	(16.7)%	3.0%	(0.4)%	2.2%
Executive Director															
Randy Neely ²	71.4%	(72.9)% ³	106.6% ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Executive Directors⁵															
Maria Gordon ^{6,7}	91.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Richard Herbert ⁶	14.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tom Pitts ⁶	(0.4)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrice Merrin ⁶	92.6%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sachin Mistry ⁸	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Former Directors⁹															
Craig van der Laan	(56.5)%	(17.8)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hesham Mekawi	(30.4)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) The standard level of salary increase across the Group in 2024 was 5%. However, a small number of individuals based in Egypt received higher percentage increases which raised the average for all employees to 7%.
- (2) Randy Neely was appointed as an Executive Director on 1 June 2023.
- (3) This fall in taxable benefits for Randy Neely was attributable to the fact that, in 2023, he was reimbursed for non-recurring fees totalling £12,775 that were incurred by him during that period in connection with the receipt of immigration services.
- (4) The percentage increase in Randy Neely's bonus is, in part, attributable to the fact that his award for 2023 was pro-rated by reference to his June start date in that year.
- (5) The Non-Executive Directors are not eligible to participate in the annual bonus scheme.
- (6) Each of Maria Gordon, Richard Herbert and Tom Pitts were appointed as Directors on 1 February 2023, with Patrice Merrin being appointed on 26 June 2023.
- (7) Maria Gordon was appointed as Chair of the Company on 23 May 2024 (prior to which she was a Non-Executive Director).
- (8) As explained on page 57, Sachin Mistry is not entitled to any remuneration, fee, bonus or other financial reward or compensation in connection with his role as a Director.
- (9) Craig van der Laan and Hesham Mekawi stepped down from the Board on 23 May 2024 and 27 June 2024 respectively.

DIRECTORS' REMUNERATION REPORT CONTINUED

Implementation of remuneration policy in 2025

The following table provides details of how the Company intends to implement the key elements of the Approved Remuneration Policy during the year to 31 December 2025.

Remuneration element	Implementation during 2025
Base salary	Notwithstanding the 3% standard annual salary increase awarded to UK based employees of the Group for 2025, Randy Neely's base salary did not change with effect from 1 January 2025 and will stay at the £500,000 level paid in 2023 and 2024.
Benefits	It is expected that there will be no change to the benefit provision in 2025. Executive Directors will be given the opportunity to participate in the SIP on the same terms as apply to all other eligible employees in the arrangement.
Annual bonus	<p>In accordance with the requirements of the policy, Executive Directors will be eligible to receive a bonus of up to 125% of base salary depending on the extent to which specified measures are satisfied over 2025. Of the bonus award, 25% will be deferred into shares for a period of three years.</p> <p>Similar to prior years, for senior executives in the wider Group, the 2025 bonus will continue to be based on a balanced scorecard of measures linked to strategy. The committee reviewed the scorecard in early 2025 and determined that the 2024 KPI framework remains appropriate, with some updates to the weightings. The performance measure categories for 2025 are HSE (5%), production and OPEX (20%), financial (25%) and corporate projects (50%).</p>
LTIP	<p>It is intended that, during the early part of 2025, the Chief Executive Officer will be granted a further award pursuant to the rules of the LTIP on the following terms:</p> <ul style="list-style-type: none"> – the award will be granted over shares worth 200% of salary; – the extent to which the award vests will be determined by reference to the satisfaction of absolute shareholder return conditions over the period of three consecutive financial years starting on 1 January 2025; and – the overall structure of these conditions will mirror those applied to the award granted to the Chief Executive Officer in 2024, with the precise targets to be applied to the 2025 award being set by the committee at the time of its grant. <p>Full disclosure of the 2025 LTIP award will be provided in the 2025 Directors' Remuneration Report.</p>
Retirement benefits	During 2025 the Company will contribute 12.5% of basic salary on behalf of the Executive Director or pay them an equivalent amount of additional salary. This rate of pension contributions is equal to the amount paid to the wider UK employee population.

Non-Executive Chair's and Non-Executive Directors' fees

For 2025, the annual fees for Non-Executive Directors and the Non-Executive Chair remain unchanged at £80,000 and £270,000 respectively.

The additional fees for committee chair and membership in 2025 (which are unchanged from the prior year) are as follows:

	Chair	Member
Audit Committee/Remuneration Committee	£15,000	£10,000
Sustainability Committee	£10,000	£5,000
Nomination & Governance Committee	–	£5,000

Date of appointment and forthcoming election/re-election

The following table sets out the dates on which each of the current Directors was first appointed and specifies the dates on which those individuals are next subject to election or re-election:

Director	Date of original appointment	Date when next subject to election or re-election
Maria Gordon	1 February 2023	22 May 2025
Richard Herbert	1 February 2023	22 May 2025
Sachin Mistry	23 May 2024	22 May 2025
Tom Pitts	1 February 2023	22 May 2025
Patrice Merrin	26 June 2023	22 May 2025
Randy Neely	1 June 2023	22 May 2025 ¹

Notes:

(1) Randy Neely's service contract provides 12 calendar months notice period to be given by the Company.

The Directors' Remuneration Report was approved by the Board on 26 March and signed on its behalf by:

Richard Herbert

Chair of the Remuneration Committee

27 March 2025

DIRECTORS' REPORT

The Directors of Capricorn Energy PLC (registered in Scotland with company number SC226712) (the "Company") present their Annual Report and Accounts for the year ended 31 December 2024 together with the audited consolidated Financial Statements of the Group and Company for the year. These will be laid before shareholders at the AGM to be held on 22 May 2025. The Directors' Report and the Strategic Report which includes trends and factors likely to affect future development, performance and position of the business, our section 172 Statement (see pages 7 and 8) and a description of the principal risks and uncertainties of the Company's Group (see pages 17 to 22) which are hereby incorporated by reference, collectively comprise the management report as required under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Results and dividend

The Group made a gain after tax of \$5.8m.

In June 2024 the Company paid a special dividend of approximately \$50m amounting to a payment of 43 Pence for each Ordinary Share.

Strategic report

Details of the Group's strategy and business model during the year and the information that fulfils the requirements of the Strategic Report can be found in the Strategic Report section of this document on pages 2 to 34, which are deemed to form part of this report by reference.

Details of Capricorn's offices and Capricorn's advisers are given at the end of this report.

Change of control

All of the Company's share incentive plans contain provisions relating to a change of control and further details of these plans are described in the Directors' Remuneration Policy (details of which can be reviewed within the 2023 Annual Report at www.capricornenergy.com/investors/annual-report-2023). Generally, outstanding options and awards will vest and become exercisable on a change of control, subject to the satisfaction of performance conditions, if applicable, at that time.

Other than in respect of the \$325m senior debt facility agreement entered into by Capricorn Egypt Limited and its partner Cheiron with Société Générale and other syndicated banks dated 24 June 2021 and the \$80m junior debt facility agreement entered into by Capricorn Egypt Limited and its partner Cheiron with Trafigura Ventures V B.V. and Deutsche Bank A.G. dated 24 June 2021 (together the "Egypt Facility Agreements"), there are no significant agreements to which the Company or a member of the Group is a party that take effect, alter or terminate in the event of a change of control of the Company. In terms of each of the Egypt Facility Agreements, if there is a change of control of the Company, the majority lenders may cancel the commitments and all outstanding amounts will become immediately due and payable.

Corporate governance

The Company's Corporate Governance Statement is set out on pages 38 to 43 and is deemed to form part of this report by reference.

Directors

The names and biographical details of the current Directors of the Company are given in the Board of Directors section on pages 36 and 37. The beneficial interests of all the Directors who held this office during 2024 in the ordinary shares of the Company as at 31 December 2024 (and at 17 March 2025) are shown below:

	Number of shares as at 31 December 2023	Number of shares as at 31 December 2024	Number of shares as at 17 March 2025
Maria Gordon	0	0	0
Randy Neely	2,107	4,395	4,395
Richard Herbert	0	0	0
Tom Pitts	0	0	0
Patrice Merrin	0	0	0
Sachin Mistry ¹	–	9,223,965	9,223,965
Former Directors			
Craig van der Laan ²	0	0	0
Hesham Mekawi ³	0	0	0

Notes:

The figures in the table above include shares held by connected persons.

(1) Appointed as a Director on 23 May 2024.

(2) Resigned as a director on 23 May 2024.

(3) Resigned as a Director on 27 June 2024.

Details of outstanding awards over ordinary shares in the Company held by the Directors (or any members of their families) are set out in the Directors' Remuneration Report on page 63.

None of the Directors have a material interest in any contract, other than a service contract or letter of appointment, with the Company or any of its subsidiary undertakings. Details of the Directors' service contracts and letters of appointment are set out in the Directors' Remuneration Policy (details of which can be reviewed within the 2023 Annual Report at www.capricornenergy.com/investors/annual-report-2023).

DIRECTORS' REPORT CONTINUED

Share capital and voting rights

The issued share capital of the Company is shown in section 7.1 of the notes to the Financial Statements. As at 25 March 2025, 70,558,339 ordinary shares of 799/122 pence each (the "Ordinary Shares") have been issued, are fully paid up and are quoted on the London Stock Exchange.

The rights attaching to the Ordinary Shares are set out in the Company's Articles of Association. There are no special control rights in relation to the Company's shares and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights. Each share carries the right to one vote at shareholders meetings of the Company. Shareholders are entitled to 21 days notice of the general meetings of the Company and have rights to appoint a nominated proxy (in advance) to exercise their vote, to speak, and to vote on a show of hands or on a poll.

Major interests in share capital

As at 31 December 2024 and 18 March 2025 (being the latest practicable date prior to the date of this report), the Company had received notification that shareholdings of 3% and over were as set out in the table below.

Fund Manager	Shares as at 31 December 2024	% Share capital	Shares as at 18 March 2025	% Share capital
Goldman Sachs collateral account	3,227,648	4.57	3,375,755	4.78
Newtyn Partners	12,294,098	17.42	12,294,098	17.42
Palliser Capital	9,223,965	13.07	9,223,965	13.07
Kite Lake Capital Management	5,630,814	7.98	5,630,814	7.98
Morgan Stanley as principal	7,099,080	10.06	8,949,755	12.68
Dimensional Fund Advisors	2,838,551	4.02	2,798,130	3.97
Madison Avenue Partners	3,756,489	5.32	3,759,796	5.33
Bank of America Merrill Lynch International collateral account	2,152,107	3.05	–	–
Cairn Energy ESOP	–	–	2,753,042	3.90
Janus Henderson Investors	–	–	2,468,292	3.50
BlackRock	–	–	2,289,739	3.25

Political donations

No political donations were made and no political expenditure was incurred during the year.

Charitable donations

The Company made charitable donations for the following purposes:

Community, Economic and Environmental Benefit:	£30,125
Community Health:	£70,000

Greenhouse gas emissions

Details of the Group's GHG emissions can be found in the Strategic Report section on page 13, which are deemed to form part of this report by reference. Our response to the SECR framework has been provided on page 22 of this Annual Report and Accounts and is also deemed to form part of this report by reference.

Employee and stakeholder engagement

Details of the Company's engagement with employees and external stakeholders are noted in the Strategic Report on page 14 and in our Section 172 Statement on pages 7 and 8, which are hereby incorporated in this report by reference.

Financial instruments

The financial risk management objectives and policies of the Company are detailed in Section 3.9 of the Financial Statements.

Acquisition of own shares

The Board announced a share buyback in May 2023, purchasing approximately \$25m of shares in the open market up to 31 December 2024, of which approximately \$7m was completed during 2024. As at 31 December 2024 a total of 3,435,747 shares were purchased for cancellation over the course of the financial year at a total cost of \$7,139,327.40 (this number includes (i) 1,840,311 shares of 735/143p prior to 23 April 2024; and (ii) following a share consolidation in June 2024, the buyback proceeded with purchase of a further 1,595,436 shares of 799/122p each). This concludes the share buyback authorised by the Directors and there are no current plans to resume a share buyback programme for the Company.

Appointment and replacement of Directors

The Company's Articles of Association provide that Directors can be appointed by the Company by ordinary resolution, or by the Board. The Nomination & Governance Committee makes recommendations to the Board on the appointment and replacement of Directors. Further details of considerations governing the appointment and replacement of Directors are set out in the Corporate Governance Statement on pages 50 to 52 and in the Company's Articles of Association.

Directors' indemnities

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 (a "Qualifying Third-Party Indemnity Provision"). The indemnity was in force throughout the last financial year and is currently in force.

Powers of the Directors

Subject to the Company's Articles of Association, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board. The Directors currently have powers both in relation to the issuing and buying back of the Company's shares and are seeking renewal of these powers at the forthcoming AGM.

Articles of Association

Unless expressly specified to the contrary therein, the Company's Articles of Association may be amended by a special resolution of the Company's shareholders.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and Accounts, the Directors' Remuneration Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Board of Directors section confirm that, to the best of their knowledge:

- the group and company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the group and company, and of the profit of the group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to auditors

Each of the Directors of the Company as at 26 March 2025, being the date this report is approved, confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the Directors have taken appropriate steps to make themselves aware of the relevant audit information and to establish that the Company's auditors are aware of this information.

AGM 2025

The AGM of the Company will be held at Hawthornden Lecture Theatre, National Gallery, The Mound, Edinburgh EH2 2EL at 10.00 a.m. on 22 May 2025. The resolutions to be proposed at the AGM are set out and fully explained in the Notice of AGM which has been notified to shareholders together with this Annual Report and Accounts. Full details are included in the Notice of AGM.

Recommendation

The Board considers that all of the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of all of the proposed resolutions.

This Annual Report was approved by the Board of Directors and authorised for issue on 26 March 2025.

By order of the Board

Paul Ervine

Company Secretary

27 March 2025

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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 2024 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 (the "Annual Report"), which comprise: the Group Balance Sheet and Company Balance Sheet as at 31 December 2024; the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Cash Flows and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Context

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

Overview

Audit scope

- We conducted audit work on 11 components. 2 of these components were subject to a full scope audit, the remaining 9 were subject to specified scope. All audit work performed to support the group audit report was performed by the group engagement team in the UK. Our audit scope covered 97.7% of total assets.

Key audit matters

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

Materiality

- Overall group materiality: US\$6,197,000 (2023: US\$6,675,000) based on 1% of Total Assets.
- Overall company materiality: US\$4,713,000 (2023: US\$4,178,000) based on 1% of Total Assets.
- Performance materiality: US\$4,647,000 (2023: US\$5,006,000) (group) and US\$3,534,000 (2023: US\$3,113,000) (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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Expected Credit Loss ("ECL") of EGPC receivable (group)</p> <p>Under IFRS 9, a lifetime expected credit loss should be assessed when there are trade receivables with a significant increase in credit risk since initial recognition. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument. EGPC net receivables totalled \$175.4m as of 31 December 2024 (2023: \$168.5m). Although the gross amount has increased throughout the year, Capricorn has been receiving cash payments throughout the period. Management's ECL is based on the sovereign risk overview default rating for the Arab Republic of Egypt which has been applied to the outstanding receivables based on the months outstanding. Management has assessed that the expected credit loss for the EGPC trade receivables at 31/12/2024 is \$8.7m. This is an area of audit focus given the value of the balance of receivables outstanding and the estimates involved in determining the ECL under IFRS 9. Refer to note 3.5 of the financial statements.</p>	<p>In our audit of the accounts receivable and ECL balances we have:</p> <ul style="list-style-type: none"> – Held discussions with management and the revenue team to understand the current position of the receivable including the status of recovering amounts outstanding; – Obtained management's ECL calculation and confirmed the methodology is in line with IFRS 9; – Verified that the sovereign debt rating used by management in their ECL calculation was consistent with publicly available market data on the credit rating of Egypt; – Validated the aging profile of the receivable, and cash received during the period, and concluded that the 12-month credit default risk rating, pro-rated for amounts overdue by more than 12 months, is appropriate; – Recalculated the expected ECL using the IFRS 9 methodology; and – Evaluated the financial statement disclosure. <p>Based on our procedures, we concluded that the ECL and related disclosures were appropriate.</p>
<p>Valuation of Goodwill and Production assets (group)</p> <p>Goodwill of \$25.4m arose on the acquisition of the Western Desert assets in Egypt in 2021, which was impaired to \$10.8m in the prior year. Under IAS 36 Goodwill is required to be tested for impairment annually, and management performed this test as at 31 December 2024. The carrying value of oil & gas production assets at 31 December 2024 was \$210.8m (2023: \$217.6m). Under IAS 36, where there is an impairment trigger, non-current production assets must be evaluated for impairment. Management has determined that the significant progress made during 2024 on negotiating the revised Production Sharing Contract ('PSC') terms in Egypt resulting in revised field life and commercial terms are an indicator that previous impairments may be reversed. 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, there was an impairment reversal of \$15.7m to producing assets recognised in the current year. Based upon the discounted cash flow projections used by management, there was no impairment to goodwill in the current year. This is an area of audit focus given the value of the goodwill and production assets and the judgements and estimates made by management in their impairment assessment. Refer to notes 2.3, 2.4 and 2.8 to the financial statements.</p>	<p>In auditing the valuation of Goodwill and Production assets for the year ended 31 December 2024, we have performed the following procedures:</p> <ul style="list-style-type: none"> – Validated the reserves estimates prepared by management's experts (both internal and external). We evaluated management's experts for competence and objectivity; – Discussed reserves estimates with management's experts to assess any key judgements or differences between the internal and external experts. Where there were differences, we sought explanations for these; – Understood the source of management's forecast oil and gas production, validated to reserves data and assessed Capricorn's previous ability to forecast oil and gas production figures; – Compared the timing of cash receipts for the sale of hydrocarbons to the recent history of recovery and considering other forward-looking factors; – Evaluated the reasonableness of opex and capex assumptions by comparing expected future operating and capital costs to current and past performance and other sources of evidence; – Benchmarked assumptions including comparing the commodity price, inflation and discount rates used to expected ranges prepared by our own Valuation experts; – Assessed the composition of each CGU based on the requirements of IAS 36, including the change in CGUs in the year; – Validated the mathematical accuracy and integrity of the model and agreed the net book values to Capricorn's books and records; – Obtained and understood the concession agreements to confirm terms that may affect the valuation; – Considered the global focus on clean energy transition and climate change in the context of the assumptions, in particular in relation to the cost of carbon; – Assessed the results of management's sensitivity analysis, and performed our own sensitivities; and; – Assessed the disclosures in the financial statements. <p>Based on the procedures performed, we determined that the valuation of Goodwill and Production assets and related disclosures were appropriate.</p>

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

Key audit matter

Valuation of Investments in subsidiaries (parent)

The carrying value of investments in the company balance sheet is \$382.8m. 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 an impairment reversal should be recognised in relation to the company's investment in Capricorn Oil Limited reflecting an increase in the recoverable amount of the underlying assets. Management has determined that the significant progress made during 2024 on negotiating the revised Production Sharing Contract ('PSC') terms in Egypt resulting in revised field life and commercial terms are an indicator that previous impairments may be reversed. This resulted in an impairment reversal of \$47.5m in 2024. 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.

How our audit addressed the key audit matter

In assessing the carrying value of investments in subsidiaries, we undertook the following work:

- For the investment in Capricorn Oil Group, we compared the resulting investment balance to our audit work on the other assets and liabilities of the Group, including considering the impact on underlying fair value of the group's producing assets;
- Validated the mathematical accuracy and integrity of the model and agreed the net book value of assets and liabilities into the Company's books and records; and
- Evaluated the disclosure in the financial statements.

Based on the procedures performed, we concluded that the valuation of investments in subsidiaries was appropriate.

How we tailored the audit scope

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

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 9 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 goodwill and producing asset impairment tests. 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\$6,197,000 (2023: US\$6,675,000).	US\$4,713,000 (2023: US\$4,178,000).
How we determined it	1% of Total Assets	1% of Total Assets
Rationale for benchmark applied	We believe that total assets is an appropriate measure that reflects the size of the Group's operations.	The company's purpose is to hold investments in the subsidiaries of the group. The company has limited income statement transactions, therefore the appropriate benchmark for assessing materiality is total assets.

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

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\$400,000 and US\$5,887,000. 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% (2023: 75%) of overall materiality, amounting to US\$4,647,000 (2023: US\$5,006,000) for the group financial statements and US\$3,534,000 (2023: US\$3,113,000) 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\$309,000 (group audit) (2023: US\$333,750) and US\$235,000 (company audit) (2023: US\$208,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

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

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

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

Reporting on other information

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

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

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

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

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 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

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

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

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

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

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
 - The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
 - The section of the Annual Report describing the work of the Audit Committee.
- We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

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 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of board minutes;
- Challenging management on 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

Following the recommendation of the Audit Committee, we were appointed by the members on 23 May 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 12 years, covering the years ended 31 December 2013 to 31 December 2024.

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
27 March 2025

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$m	2023 \$m
Continuing operations			
Revenue	2.1	147.8	201.0
Other income	2.1	30.1	54.1
Cost of sales	2.1	(41.6)	(59.6)
Depletion charge	2.3	(85.1)	(120.4)
Gross profit		51.2	75.1
Pre-award costs		–	(1.1)
General exploration costs		(1.1)	(26.9)
Unsuccessful exploration well costs	2.2	(8.9)	(20.5)
Reversal of impairment/(Impairment) of property, plant & equipment – development/producing assets	2.3	15.7	(29.1)
Impairment of goodwill	2.4	–	(14.6)
Expected credit loss adjustment on revenue receivable	3.5	(3.9)	(9.0)
Other operating income		1.0	0.6
Administrative and other expenses	4.2	(23.9)	(61.9)
Operating profit/(loss)		30.1	(87.4)
Fair value loss – deferred consideration on business combination	3.6	(5.2)	(8.0)
Other (losses)/gains through profit or loss	3.10	(0.1)	0.8
Impairment of an asset held-for-sale	3.10	–	(4.0)
Finance income	4.4	9.5	21.8
Finance costs	4.5	(20.4)	(25.3)
Profit/(Loss) before tax from continuing operations		13.9	(102.1)
Taxation			
Tax charge	5.2	(26.5)	(40.5)
Loss from continuing operations		(12.6)	(142.6)
Profit/(Loss) from discontinued operations	6.1	23.2	(1.4)
Profit/(Loss) for the year attributable to equity holders of the Parent		10.6	(144.0)
Loss per share for loss from continuing operations:			
Loss per ordinary share – basic and diluted (\$)	4.6	(0.16)	(0.74)
Profit/(Loss) per share for profit/(loss) attributable to equity holders of the Parent:			
Profit/(Loss) per ordinary share – basic and diluted (\$)	4.6	0.14	(0.75)

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 \$m	2023 \$m
Profit/(Loss) for the year attributable to equity holders of the Parent	10.6	(144.0)
Other comprehensive (expense)/income – items that may be recycled to the Income Statement		
Currency translation differences	(1.2)	5.1
Currency translation differences recycled on liquidation of subsidiaries	(0.4)	–
Other comprehensive (expense)/income for the year	(1.6)	5.1
Total comprehensive income/(expense) for the year attributable to equity holders of the Parent	9.0	(138.9)
Total comprehensive (expense)/income from:		
Continuing operations	(14.2)	(137.5)
Discontinued operations	23.2	(1.4)
	9.0	(138.9)

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 \$m	2023 \$m
Non-current assets			
Intangible exploration/appraisal assets	2.2	–	2.5
Property, plant & equipment – development/producing assets	2.3	210.8	217.6
Goodwill	2.4	10.8	10.8
Other property, plant & equipment and intangible assets	2.5	13.0	14.5
Other long-term receivable	2.6	–	27.6
Deferred tax asset	5.4	18.3	7.6
		252.9	280.6
Current assets			
Cash and cash equivalents	3.1	123.4	189.5
Inventory	3.4	8.0	8.3
Trade and other receivables	3.5	231.4	186.0
Current tax receivable	5.3	4.0	–
		366.8	383.8
Asset held-for-sale	3.10	–	3.2
Total assets		619.7	667.6
Current liabilities			
Provisions – well abandonment	2.7	0.5	–
Loans and borrowings	3.2	26.4	15.4
Lease liabilities	3.3	1.0	1.0
Deferred consideration on business combinations	3.6	25.0	25.0
Trade and other payables	3.7	110.6	82.0
		163.5	123.4
Non-current liabilities			
Provisions – well abandonment	2.7	6.8	5.5
Loans and borrowings	3.2	72.9	96.4
Lease liabilities	3.3	5.1	6.4
Deferred consideration on business combinations	3.6	–	19.8
Deferred tax liabilities	5.4	22.1	9.6
		106.9	137.7
Total liabilities		270.4	261.1
Net assets		349.3	406.5
Equity attributable to equity holders of the Parent			
Called-up share capital	7.1	7.3	7.6
Share premium	7.1	0.9	0.8
Shares held by ESOP/SIP Trusts	7.1a,b	(6.7)	(6.3)
Foreign currency translation	7.1c	(87.3)	(85.7)
Merger and capital reserves	7.1d	46.2	45.9
Retained earnings		388.9	444.2
Total equity		349.3	406.5

The Financial Statements on pages 77 to 114 were approved by the Board of Directors on 27 March 2025 and signed on its behalf by:



Randy Neely
Chief Executive

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$m	2023 \$m
Cash flows from operating activities:			
Profit/(Loss) before tax from continuing operations		13.9	(102.1)
Profit/(Loss) before tax from discontinued operations	6.1	23.2	(5.5)
Profit/(Loss) before tax including discontinued operations		37.1	(107.6)
Adjustments for non-cash income and expense and non-operating cash flows:			
Other income – tax entitlement volumes		(30.1)	(54.1)
Unsuccessful exploration well costs		8.9	20.5
Depreciation, depletion and amortisation		86.8	127.1
Impairment of goodwill		–	14.6
(Reversal of impairment)/Impairment of property, plant & equipment – development/producing assets		(15.7)	29.1
Expected credit loss adjustment on revenue receivable		3.9	9.0
Share-based payments charge		1.9	2.5
Fair value loss – deferred consideration on business combination		5.2	8.0
Other losses/(gains) through profit or loss		0.1	(0.8)
Loss/(Gain) on financial assets at fair value through profit or loss – discontinued operations		–	10.4
Impairment of an asset held-for-sale		–	4.0
Loss on disposal of a financial asset – discontinued operations		26.1	1.7
Loss on disposal of a subsidiary – discontinued operations		0.7	–
Gain on disposal of oil and gas asset – discontinued operations		(50.0)	–
Finance income		(9.5)	(21.8)
Finance costs		20.4	25.3
Adjustments to operating cash flows for movements in current assets and liabilities:			
Inventory movement		0.3	(0.2)
Trade and other receivables movement	3.5	(9.1)	(69.0)
Trade and other payables movement	3.7	9.1	(38.6)
Net cash flows from/(used in) operating activities		86.1	(39.9)
Cash flows from investing activities:			
Expenditure on intangible exploration/appraisal assets		(1.0)	(16.4)
Expenditure on property, plant & equipment – development/producing assets		(39.7)	(44.2)
Expenditure on other property, plant & equipment and intangible assets		(0.9)	(0.3)
Deferred consideration received – discontinued operations		2.0	182.4
Deferred consideration paid on business combination		(25.0)	(25.0)
Proceeds on disposal of financial assets	3.10	3.1	–
Tax refund received on investing activities		1.4	–
Interest received and other finance income		8.8	24.3
Net cash flows (used in)/from investing activities		(51.3)	120.8
Cash flows from financing activities:			
Repayment of borrowings	3.2	(13.5)	(48.3)
Lease payments	3.3	(0.9)	(2.2)
Dividends paid	7.2	(50.1)	(542.1)
Share repurchase	7.1	(7.3)	(18.9)
Other interest and charges		(14.8)	(16.0)
Proceeds from issue of shares		0.2	0.8
Cost of shares purchased	7.1a,b	(10.9)	(19.5)
Net cash flows used in financing activities		(97.3)	(646.2)
Net decrease in cash and cash equivalents		(62.5)	(565.3)
Opening cash and cash equivalents at beginning of year		189.5	756.8
Foreign exchange differences		(3.6)	(2.0)
Closing cash and cash equivalents	3.1	123.4	189.5

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	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 2023	503.4	(15.3)	(90.8)	45.5	678.8	1,121.6
Loss for the year	–	–	–	–	(144.0)	(144.0)
Currency translation differences	–	–	5.1	–	–	5.1
Total comprehensive expense	–	–	5.1	–	(144.0)	(138.9)
Dividends paid	–	–	–	–	(541.1)	(541.1)
Share repurchase	(0.4)	–	–	0.4	(18.9)	(18.9)
Share-based payments	–	–	–	–	2.5	2.5
Exercise of employee share options	0.8	–	–	–	–	0.8
Share premium cancelled	(495.4)	–	–	–	495.4	–
Cost of shares purchased	–	(19.5)	–	–	–	(19.5)
Cost of shares vesting	–	28.5	–	–	(28.5)	–
At 31 December 2023	8.4	(6.3)	(85.7)	45.9	444.2	406.5
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

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 2024 were authorised for issue in accordance with a resolution of the Directors on 27 March 2025. 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 has been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. During the year, no new standards or amendments to standards were adopted that had a material impact on Capricorn's results or Financial Statement disclosures.

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

c) Basis of consolidation

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

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

d) Joint arrangements

Capricorn is a partner (joint operator 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 124.

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.

SECTION 1 – BASIS OF PREPARATION CONTINUED

1.1 Accounting policies continued

e) Foreign currencies

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

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

The Group maintains the Financial Statements of the Parent and subsidiary undertakings in their functional currency. Where applicable, the Group translates subsidiary Financial Statements into the presentation currency, 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 2024	YTD average 2024	Closing 2023	YTD average 2023
GBP	0.799	0.782	0.785	0.804

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 2026.

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 Limited, the Egypt asset-holding subsidiary and the remaining Capricorn Energy PLC Group. Capricorn Egypt is a party to the Junior and Senior borrowing facilities entered in connection with the Group's Egypt assets, however these facilities are non-recourse to the rest of the Capricorn Group. At the year end and at the date of this report, events of default exist on the facility.

Group cash flow forecasts have been run on base-case and downside assumptions. Base case assumptions include committed exploration costs for which a parent company guarantee has been issued and forecast administrative costs. A downside scenario includes an increase to administrative costs, a tax settlement payable in Senegal and additional payments coming due under joint and several obligations. Scenarios run exclude future returns to shareholders. For Egypt cash flows, along with base-case assumptions, a downside scenario run modelled a return to lower oil prices, with an oil price of \$65/bbl over the first six months of 2025 falling to \$60/bbl thereafter, a 20% 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 \$40/bbl at the end of Q1 2025 with a recovery to \$50/bbl by the end of 2026. All Egypt cash-flow forecasts assume that the lenders do not enforce current events of default and seek immediate repayment of the facility.

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

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

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

The Board and Audit Committee assessments of risk and mitigants to the Group's operational existence beyond this 12-month period is included in the Viability Statement on page 16.

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 reversal of impairment at the year end.

Key estimates and assumptions in this section:

Cash generating units for impairment testing

Capricorn's impairment test is performed across the BED and Obaiyed concessions areas as a single cash-generating unit (CGU). This change from previous years reflects the proposed merger of the eight current concession areas into one single concession, discussed further below.

Reversal of impairment

At the year end, Capricorn reviews its assets for indicators of impairment, or an indicator that previous impairments may be reversed. At the end of 2024, Capricorn and its joint venture partner were in advanced negotiations with EGPC on revised terms to the concessions owned 50:50 between Capricorn and Cheiron in the BED and Obaiyed areas. Negotiation on the key terms concluded in February 2025 with the aim of receiving formal ratification by the summer of 2025. Revised terms of the new merged concession include a significant extension to the field life and improved cost oil and profit oil terms for the contractors, revised gas prices and a bonus payment to be made to EGPC. These improved commercial terms and additional commercial reserve volumes due to licence extensions which, given the advanced stage of negotiations at the year end, would be considered by a market participant determining a fair value, indicate that impairment charged in previous years on the Obaiyed concession may have reversed. Subsequent tests performed confirmed a full reversal of impairment, after adjusting for depletion charges.

Reserve estimates for depletion calculations reflect the commercial terms in place at the year end and are not adjusted for the expected increases in reserves that will arise on formal ratification of the merged concession. Tax barrels are excluded from depletion calculations.

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 tests and 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 revised concession terms agreements agreed with EGPC and expected to be formally ratified in the summer of 2025 where applicable. These valuations represent a level 3 estimate of fair value. This fair value estimate is materially different from the value in use estimates of the assets, calculated on the economic field life and reserve estimates that existed at the year end on the current economic terms.

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 (2023: \$65/bbl) escalated at 2% per annum;
- Egypt price differentials to base oil prices;
- proved and probable reserves estimates and production profiles, based on internal estimates under revised concession terms;
- timing of collection of revenues assumed to be nine months from date of production;
- cost profiles for future costs escalated at 4.0% per annum (2023: 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% (2023: 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 reserve volumes. Sensitivities performed on alternate carbon cost assumptions did not have a significant impact on the fair values of the assets in Egypt.

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

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

2.1 Gross profit: revenue and cost of sales

Accounting policies

Revenue

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

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

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

Other income – tax entitlement volumes

Under the concession agreements in Egypt, income tax due on taxable profit is paid on Capricorn's behalf by EGPC 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 2024 \$m	Year ended 31 December 2023 \$m
Oil sales	111.6	159.1
Gas sales	35.2	40.8
Revenue from oil and gas sales	146.8	199.9
Royalty income	1.0	1.1
Total revenue	147.8	201.0
Other income – tax entitlement volumes	30.1	54.1
Other income	30.1	54.1
Production costs and inventory movements	(41.6)	(59.6)
Cost of sales	(41.6)	(59.6)
Depletion (note 2.3)	(85.1)	(120.4)
Gross profit	51.2	75.1

Revenue

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

Oil and gas revenue in Egypt for the year ended 31 December 2024 was \$146.8m (2023: \$199.9m), from net entitlement production of 3.6 mmboe (2023: 4.4 mmboe) of which ~39% (2023: ~45%) was liquids. Oil sales averaged \$79.3/boe (2023: \$81.2/boe) and with gas sales at \$2.9/mscf (2023: \$2.9/mscf). Other income represents tax paid on Capricorn's behalf by EGPC – see section 5.

Production costs over the period were \$41.6m (2023: \$59.6m), or \$4.8/boe (2023: \$5.4/boe) (on a working interest (WI) basis).

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 2023	–	1.0	1.0
Additions	5.1	16.9	22.0
Unsuccessful exploration costs	(2.6)	(17.9)	(20.5)
At 31 December 2023	2.5	–	2.5
Additions	–	6.4	6.4
Unsuccessful exploration costs	(2.5)	(6.4)	(8.9)
At 31 December 2024	–	–	–
Net book value			
At 31 December 2022	–	1.0	1.0
At 31 December 2023	2.5	–	2.5
At 31 December 2024	–	–	–

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

Egypt

Unsuccessful exploration costs of \$2.5m relate to work performed on well locations that are no longer expected to be drilled.

Other countries

Additions of \$6.4m (2023: \$16.9m) relate to an increase of \$1.7m (2023: \$1.9m) on estimated historic UK well abandonment costs, and \$4.7m (2023: \$15.0m) 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 reserve estimates;
- increases in cost estimates for development projects; or
- a decrease in the oil price or other negative changes in market conditions.

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

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

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

Where there has been a charge for impairment in an earlier 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 2023	480.9
Additions	91.3
At 31 December 2023	572.2
Additions	62.6
At 31 December 2024	634.8
Accumulated depletion and impairment	
At 1 January 2023	205.1
Depletion charge	120.4
Impairment	29.1
At 31 December 2023	354.6
Depletion charge	85.1
Reversal of impairment	(15.7)
At 31 December 2024	424.0
Net book value	
At 31 December 2022	275.8
At 31 December 2023	217.6
At 31 December 2024	210.8

Egypt

Additions have been funded through cash and working capital wholly within the Egypt business. Capricorn continue to align capital investment in the Egypt assets with payments received against the outstanding trade receivables balance. Additions in the year predominantly relate to the costs of producing wells drilled. Only one well completed in the first half of the year as Capricorn paused investment pending collection of receivables due from EGPC. Drilling recommenced on 29 June 2024 and a further 12 wells were completed before the end of the year, with a further well that spudded on 18 December completing in January 2025. All but one of the wells was drilled in the BED concession, with the other drilled in the AESW concession.

Depletion of \$85.1m (2023: \$120.4m) was charged to the Income Statement based on entitlement interest production during the year. The costs for depletion include future capital costs-to-complete consistent with the life-of-field reserve estimates used in the calculation.

Impairment review

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 have been performed.

At 31 December 2023, indicators of impairment were identified where a pause in development drilling activity had resulted in downgrades to reserves volumes booked, with previously booked reserves no longer expected to be recovered within the licence term. Subsequent impairment tests identified impairment of \$29.1m.

2.4 Goodwill

	Egypt \$m
At 1 January 2023	25.4
Impairment	(14.6)
At 31 December 2023 and 2024	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 2024 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.

An impairment of \$14.6m was recorded in 2023 as a result of reserves downgrades at the year end. IAS 36 prohibits reversal of impairment of goodwill in subsequent years.

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

2.5 Other property, plant & equipment and intangible assets

	Carbon credits \$m	Intangible assets \$m	Property, plant & equipment \$m	Right-of-use assets – leasehold property (restated) \$m	Total (restated) \$m
Cost					
At 1 January 2023	6.8	41.3	10.8	12.8	71.7
Additions	–	1.9	0.3	15.5	17.7
Disposals	–	(32.8)	(11.2)	(21.5)	(65.5)
Foreign exchange	–	1.8	0.4	0.8	3.0
At 31 December 2023	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
Accumulated depreciation and amortisation					
At 1 January 2023	–	38.7	10.6	8.3	57.6
Charge for the year	–	3.9	0.2	2.6	6.7
Disposals	–	(32.7)	(11.2)	(10.5)	(54.4)
Foreign exchange	–	1.7	0.4	0.4	2.5
At 31 December 2023	–	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
Net book value					
At 31 December 2022	6.8	2.6	0.2	4.5	14.1
At 31 December 2023	6.8	0.6	0.3	6.8	14.5
At 31 December 2024	6.8	0.9	0.2	5.1	13.0

Prior year comparatives for right-of-use assets have been restated to reflect the disposal of fully amortised office leases for the previous head office in Edinburgh and satellite office in London. Additional disposals of \$9.8m have been recorded. The closing net book value of right-of-use assets at 31 December 2023 is unchanged. In 2023, the total additions of \$15.5m in right-of-use assets related to office lease contracts in the UK for the Edinburgh head office. One lease entered into during 2023 was subsequently cancelled leading to a further disposal of \$9.5m, bringing total restated disposals to \$21.5m.

Intangible assets disposals in 2024 and 2023 relate to fully amortised, historic software costs written off including the Group's legacy ERP system which was replaced in the current 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, in order to achieve its net zero targets. For more details see the TCFD Report, on pages 23 to 30. 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.

2.6 Other long-term receivables

	At 31 December 2024 \$m	At 31 December 2023 \$m
Other long-term receivable	–	7.0
Deferred consideration	–	20.6
	–	27.6

Under the earnout consideration settlement agreement with Waldorf, Capricorn agreed for part-settlement of consideration due through the receipt of Waldorf's 25% WI non-operated interest in the UK Columbus gas field, subject to approval from the North Sea Transition Authority ("NSTA"). The settlement agreement provided that a \$7.0m payment to Capricorn would be due should the transfer not receive NSTA approval, and this sum was recorded as an other long-term receivable in the prior year. With Waldorf's liquidity issues and proposed restructuring, NSTA approval of the transfer is not expected and, as recovery of the cash alternate appears highly unlikely, the receivable has been impaired in full. The \$20.6m of deferred consideration due at 31 December 2023, also relating to the Waldorf settlement agreement, were reclassified as current assets during the year where amounts due were further impaired. See note 6.1 for further details.

SECTION 2 – OIL AND GAS ASSETS, OPERATIONS AND OTHER NON-CURRENT ASSETS CONTINUED**2.7 Provisions – well abandonment**

	Total \$m
At 1 January 2023	3.4
Change in estimate	1.9
Unwinding of discount	0.1
Well abandonment expenses paid	(0.2)
Foreign exchange	0.3
At 31 December 2023	5.5
Change in estimate	1.7
Unwinding of discount	0.3
Foreign exchange	(0.2)
At 31 December 2024	7.3
Amounts due less than one year	0.5
Amounts due greater than one year	6.8
At 31 December 2024	7.3

Well abandonment provisions at 31 December 2024 represent the present value of costs related to the abandonment of two wells on the Tybalt P1632 licence in the UK.

In 2024, the abandonment work plan was updated resulting in increases to the abandonment provision of \$1.7m (2023: \$1.9m).

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, with a cost escalation of 2.0% for 2024 and 3.0% for 2025-2027 years (2023: 4.0%) and a discount rate of 4.1% (2023: 3.4%) per annum. The reasonableness of these assumptions is reviewed at each reporting date to take into account any material changes required.

2.8 Capital commitments

	At 31 December 2024 \$m	At 31 December 2023 \$m
Oil and gas expenditure:		
Intangible exploration/appraisal assets	7.6	7.9
Contracted for	7.6	7.9

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

The capital commitments for intangible exploration/appraisal assets of \$7.6m (2023: \$7.9m) relate to remaining licence commitments in Egypt.

At 31 December 2024 and 31 December 2023, no capital commitments for property, plant & equipment – development/producing assets are recorded as operator budgets are still to be agreed and approved.

There were no short-term lease commitments at the 2024 balance sheet date (2023: \$nil).

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

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

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

Expected credit loss adjustment on Egypt trade receivables

Capricorn 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.

3.1 Cash and cash equivalents

	At 31 December 2024 \$m	At 31 December 2023 \$m
Cash at bank	16.2	12.8
Bank deposit less than three months	–	20.0
Money market funds	107.2	156.7
	123.4	189.5

At 31 December 2024, \$48.7m (2023: \$10.6m) of cash and cash equivalents are restricted and not available for immediate ordinary business use. This includes \$45.5m (2023: \$5.6m) 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 2023 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 an 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 2024 \$m	Year ended 31 December 2023 \$m
Reconciliation of opening and closing liabilities to cash flow movements:		
Opening liabilities	111.8	158.6
Loan repayments in the year disclosed in the statement of Cash Flows		
Senior Debt Facility	(13.5)	(48.3)
Non-cash movements:		
Accrued debt facility interest	0.1	0.6
Amortisation of debt arrangement fees	0.9	0.9
Closing liabilities	99.3	111.8
Amounts due less than one year	26.4	15.4
Amounts due greater than one year	72.9	96.4
Closing liabilities	99.3	111.8

Capricorn Egypt debt facilities

In September 2021, Capricorn Egypt Limited entered into a \$325.0m Senior Debt Facility and an \$80.0m Junior Debt Facility jointly with Cheiron, the joint operation partner in Egypt, to finance the acquisition of the Egyptian Western Desert portfolio. The facility commitments are split 50:50 with Cheiron. Facility commitments began amortising in September 2022 and the maximum drawdown available to Capricorn at 31 December 2024 was \$60.1m (2023: \$73.6m) for the Senior Debt Facility and \$40.0m (2023: \$40.0m) for the Junior Debt Facility. All drawings in the year were denominated in US dollars.

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

At 31 December 2024, the borrowers have agreed a rollover of the debt, giving the Group the ability to defer settlement of the loan in accordance with the last approved banking model. Capricorn and Cheiron were seeking a waiver from the lenders for events of default under the facilities that had occurred previously together with approval of the latest banking model and redetermination.

In conjunction with the waiver request, a revised banking model was approved in February 2025 on completion of the latest redetermination process and increases the principal amounts repayable by Capricorn under the Senior Facility to \$42.6m in 2025, with the balance of \$17.6m due over the period from 1 January 2026 to end of September 2026. The Junior Facility is forecast to be repayable across 2026 and 2027. The increase in the principal repayment in 2025 corrects an error identified in the banking model, which was used to determine previous payment profiles and the allocation between current and long-term liabilities at the year end.

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

3.3 Lease liabilities

Accounting policy

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

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

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

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

	At 31 December 2024 \$m	At 31 December 2023 \$m
Reconciliation of opening and closing liabilities to cash flow movements:		
Opening liabilities	7.4	4.3
Lease payments in the year disclosed in the statement of Cash Flows as financing cash flows		
Total lease payments	(0.9)	(2.2)
Non-cash movements:		
Lease additions	–	15.5
Lease disposal	–	(9.5)
Lease termination	–	(1.6)
Lease adjustment	(0.7)	–
Lease interest charges	0.4	0.5
Foreign exchange	(0.1)	0.4
Closing lease liabilities	6.1	7.4
Amounts due less than one year	1.0	1.0
Amounts due greater than one year	5.1	6.4
Total lease liabilities	6.1	7.4

As at 31 December 2024, the balance of \$6.1m (2023: \$7.4m) wholly relates to office lease costs in the UK and Egypt. Additions of \$15.5m in 2023 relate to new office lease liabilities in the UK.

During 2023, Capricorn's lease of two floors for the head office on Lothian Road, Edinburgh expired. The Group had previously entered into lease agreements for two floors in new office premises in Edinburgh, but following the Board's strategic review, plans to move into those new offices were cancelled. Capricorn reached agreement to cancel the lease of one floor in 2023 and to sub-lease the remaining floor in early 2024. The remaining floor has a lease term of 15 years with a break clause after 10 years. The Group subsequently entered into a lease agreement for new premises on a different floor within the Lothian Road building. This lease is for an initial three years with the option to extend for a further two.

As at 31 December 2024, 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 Cheiron. Inventory is held at the lower of cost and net realisable value, where net realisable value is measured at cost less provisions for obsolescence, based on the age of the items held.

	31 December 2024 \$m	31 December 2023 \$m
Spare parts – Egypt concessions	8.0	8.3

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 2024 \$m	At 31 December 2023 \$m
Trade receivables	175.4	168.5
Other receivables	54.1	11.0
Prepayments	0.8	1.5
Joint operation receivables	1.1	5.0
	231.4	186.0

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. At 31 December 2024, the expected credit loss adjustment offsetting receivables is \$8.7m (2023: \$9.0m). \$4.2m of prior year expected credit loss adjustments were offset against historic invoices where no further recovery is expected leaving a net charge of \$3.9m to the Income Statement in the year.

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

The other receivables balance of \$54.1m (2023: \$11.0m) includes \$50.0m of further consideration due on the past sale of assets in Senegal (see note 6.1 for details) (2023: \$nil), interventure receivables of \$0.6m (2023: \$1.4m), VAT recoverable in the UK of \$0.1m (2023: UK and Mexico \$3.6m), money market interest receivable of \$0.9m (2023: \$0.6m) and the earnout settlement receivable of \$1.5m, after impairment (2023: \$2.0) (see note 6.1).

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Reconciliation of opening and closing receivables to operating cash flow movements:		
Opening trade and other receivables	186.0	142.5
Closing trade and other receivables	(231.4)	(186.0)
Increase in trade and other receivables	(45.4)	(43.5)
Foreign exchange	(1.4)	(1.2)
Senegal consideration receivable	50.0	–
Decrease in joint operation receivables relating to investing activities	(7.7)	(18.5)
Decrease in other receivables relating to investing activities	(4.4)	(4.2)
Decrease in prepayments relating to investing activities	–	(2.2)
Increase/(Decrease) in prepayments and other receivables relating to financing activities	0.3	(1.4)
Trade and other receivables movement on earnout settlement	(0.5)	2.0
Trade and other receivables cash flow movement	(9.1)	(69.0)

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.

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

3.6 Financial liabilities at fair value through profit or loss

	At 31 December 2024 \$m	At 31 December 2023 \$m
Financial liabilities		
Non-current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	–	19.8
	–	19.8
Current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	25.0	25.0
	25.0	25.0

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

Deferred consideration 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 current year end. A maximum \$50.0m is due for each year, split 50:50 between Capricorn and Cheiron where the average oil price exceeds \$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 from Capricorn though the Group remain joint and severally liable were Cheiron to default on their remaining payment due.

During the year, the Group made a loss of \$5.2m (2023: \$8.0m) 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 2024 \$m	At 31 December 2023 \$m
Trade payables	0.1	0.3
Other taxation and social security	0.6	0.5
Accruals and other payables	6.3	7.9
Joint operation payables	103.6	73.3
	110.6	82.0

Joint operation payables include \$13.7m (2023: \$6.4m) and \$89.9m (2023: \$66.9m) relating to exploration/appraisal asset and development/producing asset costs respectively. \$99.6m relates to the Group's operations in Egypt.

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Reconciliation of opening and closing payables to operating cash flow movements:		
Opening trade and other payables	(82.0)	(84.9)
Closing trade and other payables	110.6	82.0
Increase/(Decrease) in trade and other payables	28.6	(2.9)
Foreign exchange	(0.5)	1.6
Decrease in trade payables relating to investing activities	–	0.7
Increase in joint operation payables relating to investing activities	(18.2)	(38.1)
Increase in accruals and other payables relating to investing activities	(0.7)	–
(Increase)/Decrease in accruals and other payables relating to financing activities	(0.1)	0.1
Trade and other payables movement recorded in operating cash flows	9.1	(38.6)

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 2024 \$m	At 31 December 2023 \$m
Carrying amount and fair value		
<i>Financial assets at amortised cost</i>		
Other long-term receivable – deferred consideration	–	20.6
Cash and cash equivalents	123.4	189.5
Trade receivables	175.4	168.5
Other receivables	54.1	11.0
Joint operation receivables (excluding VAT)	1.1	3.2
	354.0	392.8

In 2023, the fair value of other long-term receivables held at amortised cost relating to deferred consideration does not materially differ from its carrying value.

Due to the short-term nature of remaining financial assets held at amortised cost, their carrying amount is considered to be the same as their fair value.

There are no material impairments of financial assets held on the Balance Sheet at either 31 December 2024 or 2023 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 2024 \$m	At 31 December 2023 \$m
Carrying amount and fair value		
<i>Financial liabilities at amortised cost</i>		
Trade payables	0.1	0.3
Accruals and other payables	6.3	7.9
Joint operation payables	103.6	73.3
Lease liabilities	6.1	7.4
Loans and borrowings	99.3	111.8
<i>Financial liabilities at fair value</i>		
Deferred consideration on business combinations	25.0	44.8
	240.4	245.5

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 2024 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	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

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

3.8 Financial instruments continued

Financial liabilities continued

The expected financial maturity of the Group's financial liabilities at 31 December 2023 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	0.3	–	–	–
Accruals and other payables	7.9	–	–	–
Joint operation payables	73.3	–	–	–
Lease liabilities	1.0	1.3	3.3	1.8
Loans and borrowings	27.1	33.9	84.9	–
<i>Financial liabilities at fair value</i>				
Deferred consideration on business combinations	25.0	19.8	–	–
	134.6	55.0	88.2	1.8

Fair value

	At 31 December 2024 \$m	At 31 December 2023 \$m
Liabilities measured at fair value – Level 2		
<i>Financial liabilities at fair value</i>		
Deferred consideration on business combinations	25.0	43.8
Liabilities measured at fair value – Level 3		
<i>Financial liabilities at fair value</i>		
Deferred consideration on business combinations	–	1.0
	25.0	44.8

3.9 Financial risk management: objectives and policies

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

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

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

Commodity price risk

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

The Group measures commodity price risk through an analysis of the potential impact of changing commodity prices. Based on this analysis and considering materiality and the potential business impact, the Group may choose to hedge. However, the Group did not enter into any commodity price hedging arrangements during either 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 dependant on uncertain payment schedules from EGPC. Further details are noted in the Viability Statement provided on page 16. Details of the Group's debt facilities can be found in note 3.2. The Group is subject to biannual forecast liquidity tests as part of the facility agreements.

Future liquidity of the Egypt business is dependent upon the timing of payments from EGPC to address the overdue receivables position. The Group preserve 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, trade and other receivables and joint operation receivables.

Customers, joint operation partners and other debtors are subject to a risk assessment using publicly available information and credit reference agencies, with follow-up due diligence and monitoring if required. At the year end, the Group's trade receivables primarily relates to amounts due from EGPC for oil and gas sales in Egypt. 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 2024, the Group had investments with 10 counterparties (2023: 14) to ensure no concentration of counterparty investment risk. At 31 December 2023 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.

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

3.9 Financial risk management: objectives and policies continued

Foreign currency risk

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

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

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

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

	At 31 December 2024		At 31 December 2023	
	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 \$	(7.6)	(0.9)	(8.1)	(1.0)
10% decrease in GBP to \$	7.6	0.9	8.1	1.0

3.10 Asset held-for-sale

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

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

In March 2024, the sale completed and Capricorn received £2.4m (\$3.1m) resulting a loss on sale of investment of \$0.1m through the Income Statement in 2024.

	Total \$m
Cost as at 1 January 2023	6.5
Fair value gain	0.8
Exchange loss	(0.1)
Impairment	(4.0)
As at 31 December 2023	3.2
Cash received	(3.1)
Loss on sale of investment	(0.1)
At at 31 December 2024	-

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 have 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 4.3 (b).

4.1 Segmental analysis

Operating segments

Capricorn had two reportable operating segments during 2024 relating to its operations in Egypt and Mexico. "Other countries" combine costs relating to legacy assets in Mauritania and Suriname and ongoing new venture activities in the UK.

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 2024 \$m	At 31 December 2023 \$m
Geographical information: non-current assets		
Egypt	221.8	232.0
Mexico	–	0.2
Other countries	–	27.6
Other Capricorn Energy Group	12.8	13.2
Total non-current assets	234.6	273.0

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.1 Segmental analysis continued

Operating segments continued

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

	Egypt \$m	Mexico \$m	Other countries \$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)	(4.7)	(1.7)	–	(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)	(0.3)	(0.5)	(18.8)	(22.2)
Operating profit/(loss)	55.5	(5.1)	(2.2)	(18.1)	30.1
Fair value loss – deferred consideration	(5.2)	–	–	–	(5.2)
Other (losses)/gains 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)	(1.1)	(0.2)	1.1	(5.8)
Profit/(Loss) before tax from continuing operations	32.8	(6.1)	(2.4)	(10.4)	13.9
Tax charge	(31.9)	–	–	5.4	(26.5)
Profit/(Loss) for the year from continuing operations	0.9	(6.1)	(2.4)	(5.0)	(12.6)
Profit from discontinued operations	–	–	–	23.2	23.2
Profit/(Loss) attributable to equity holders of the Parent	0.9	(6.1)	(2.4)	18.2	10.6
Balances as at 31 December 2024:					
Capital expenditure	62.6	–	–	0.9	63.5
Total assets	469.5	1.6	7.5	141.1	619.7
Total liabilities	246.9	4.3	7.5	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.

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.1 Segmental analysis continued

Operating segments continued

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

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

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

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

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.2 Administrative and other expenses

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Administrative expenses	23.9	55.0
Other expenses – corporate transactions	–	6.9
	23.9	61.9

In 2023, the corporate transactions costs of \$6.9m related to corporate transactions that were subsequently terminated.

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

a) Staff costs

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Wages and salaries	9.6	18.4
Social security costs	1.9	0.5
Redundancy costs	0.3	16.5
Other pension costs	0.4	1.9
Share-based payments	1.9	2.5
	14.1	39.8

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 2024	Monthly average 2023
Continuing operations:		
UK	28	90
Egypt	16	22
Mexico	1	5
	45	117

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

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

b) Share-based payments

Income Statement charge

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Included within gross staff costs (continuing operations):		
SIP	0.4	2.1
LTIP	1.4	(0.1)
Employee share scheme	0.1	0.5
	1.9	2.5

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

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

Share-based payment schemes and awards details

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

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

	Year ended 31 December 2024			Year ended 31 December 2023		
	WAFV £	WAGP/ WAEP £	Number of shares	WAFV £	WAGP/ WAEP £	Number of shares
SIP – free shares	1.69	1.69	59,696	1.72	1.72	87,990
SIP – matching shares	2.07	2.07	30,786	2.11	2.11	190,212
LTIP	0.78	1.75	2,412,942	0.99	1.86	1,483,771
Deferred bonus	1.75	1.75	37,164	–	–	–
Employee share scheme	–	–	–	2.48	1.87	228,175
			2,540,588			1,990,148

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

	2024		2023	
	Number of shares	WAGP £	Number of shares	WAGP £
At 1 January	11,784,135	1.79	27,386,242	1.72
Granted during the year	2,412,942	1.75	1,483,771	1.86
Exercised during the year	(3,043,566)	1.64	(4,734,541)	1.84
Lapsed during the year	(4,523,413)	1.81	(12,351,337)	1.61
At 31 December	6,630,098	1.82	11,784,135	1.79

The weighted average remaining contractual life of outstanding awards under the LTIP at 31 December 2024 was 1.2 years (2023: 0.6 year). Included in the above are 210,303 of exercisable LTIP awards (2023: 757,365). 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:

	2024		2023	
	Number of shares	WAGP/WAEP £	Number of shares	WAGP/WAEP £
At 1 January	2,037,947	1.90	7,423,248	1.79
Consolidation of shares	(37,191)	1.84	(912,177)	1.82
Granted during the year	127,646	1.74	506,377	2.21
Exercised during the year	(385,689)	1.69	(3,853,745)	1.75
Lapsed during the year	(1,032,085)	1.82	(1,125,756)	1.88
At 31 December	710,628	1.90	2,037,947	1.90

The weighted average remaining contractual life of outstanding awards under all other schemes at 31 December 2024 was 7.2 years (2023: 6.6 years). Included in the above are 14,552 of exercisable employee share awards (ESAs) (2023: 278,927) and exercisable share options of nil (2023: 197,122). No exercise price is payable in respect of ESAs.

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

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

b) Share-based payments continued

Assumptions and inputs

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

Capricorn Energy PLC share awards normally have a 10-year life from the date of grant. Awards were exercised on a regular basis throughout the year, subject to the normal employee dealing bans imposed by the Company at certain times. The weighted average share price during the year was £1.90 (2023: £2.10).

For awards issued prior to 2023, vesting percentage is by reference to the market performance of the Company's TSR compared with a group of peer companies. Vesting percentages for LTIPs can be above 100%. For the ESAS, 100% vesting occurs if the Company's TSR is in excess of the median of the comparator group, otherwise the ESAS will lapse in full.

In 2023, following the Company's restructure, it was recognised that relative TSR is a more common measure in the market, however, it was considered at that time not to be an appropriate measure of success. The Company awarded two types of LTIP shares to all employees and senior executives and no ESAS shares were awarded in 2023 and 2024. It was determined that the vesting of the 2023 and 2024 LTIP award would be 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 \$2.56 (2023: \$2.56)	0%
\$3.70 or higher (2023: \$3.68)	100%
Between \$2.56 and \$3.70 (2023: \$2.56 and \$3.68)	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 \$2.22 (2023: \$2.23)	0%
\$2.56 or higher (2023: \$2.56)	100%
Between \$2.22 and \$2.56 (2023: \$2.23 and \$2.56)	0%–100% on a straight-line basis

Fair value of the awards using Monte Carlo simulation model	2024 \$	2023 \$
Senior Executive award	0.77	1.05
Staff award	1.32	1.50

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 53 to 66. 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 Directors who are identified as the key management personnel of the Group is set out below in aggregate.

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Short-term employee benefits	5.6	6.0
Post-employment benefits	0.1	2.7
Share-based payments	0.6	0.5
	6.3	9.2

In addition, employer's National Insurance Contributions for key management personnel in respect of short-term employee benefits were \$0.5m (2023: \$0.2m).

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

During 2024, none (2023: 1,244,941) of the shares awarded to key management personnel vested under the LTIP. In February 2023, 228,175 shares were awarded under the ESAS to an individual within key management personnel under a stand-alone agreement; 153,159 shares lapsed in July 2023; the remaining of 75,016 shares were exercised at £1.87 in July 2023.

SECTION 4 – INCOME STATEMENT ANALYSIS CONTINUED

4.4 Finance income

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Bank and other interest receivable	8.5	21.8
Other finance income	0.6	–
Exchange gain recycled from Other Comprehensive Income	0.4	–
	9.5	21.8

4.5 Finance costs

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Loan interest	12.8	15.0
Facility fees amortisation	0.9	0.9
Other interest and finance charges and unwind of discount	2.8	1.7
Exchange loss	3.9	7.7
	20.4	25.3

Loan interest of \$12.8m (2023: \$15.0m) was charged on the Egypt Junior and Senior Debt Facilities.

4.6 Earnings per ordinary share

Basic and diluted earnings per share are calculated using the following measures of (loss)/profit:

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Loss and diluted loss after taxation from continuing operations	(12.6)	(142.6)
Profit/(Loss) and diluted profit/(loss) attributable to equity holders of the Parent	10.6	(144.0)

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

	Number of shares 2024 '000	Number of shares 2023 '000
Weighted average number of shares	79,557	196,128
Less weighted average shares held by ESOP and SIP Trusts	(1,310)	(2,777)
Basic and diluted weighted average number of shares	78,247	193,351

The share repurchase programme and share consolidation reduced the weighted average number of shares in 2024 (see note 7.1). 2023 weighted average number of shares have not been adjusted, on the basis that the share consolidation is considered to be in substance a share repurchase at fair value.

SECTION 5 – TAXATION

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

Significant accounting judgements in this section:

Recognition of deferred tax liabilities and tax charge on profits from Egypt concessions

Under the Egypt concession agreements, each contractor's share of income tax due on taxable profit for the year is paid on the contractor's behalf by EGPC 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.

Deferred taxation – recognition of deferred tax assets on Egypt concessions

At the year-end, Capricorn recognise deferred tax assets across four concessions 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. Future taxable profits forecasts are based on existing concession terms in Egypt.

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.

SECTION 5 – TAXATION CONTINUED

5.1 Tax strategy and governance

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

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

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

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

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Current tax charge:		
Overseas corporation tax charge – Egypt	30.1	54.1
Overseas corporation tax credit – India	(5.4)	–
Total current tax charge on profit/(loss) from continuing operations	24.7	54.1
Deferred tax charge/(credit):		
Deferred tax charge/(credit) on intangible/tangible assets – Egypt	1.8	(12.3)
Deferred tax credit on non-current assets – Egypt – adjustment	–	(1.4)
Deferred tax charge/(credit) from continuing operations	1.8	(13.7)
Total tax charge on profit/(loss) from continuing operations	26.5	40.5
UK deferred tax credit	–	(4.1)
Total deferred tax credit on loss from discontinued operations	–	(4.1)

The current tax charge in Egypt of \$30.1m (2023: \$54.1m) is settled by EGPC on the Group's behalf.

Factors affecting the tax charge for the year

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

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Profit/(Loss) before tax from continuing operations	13.9	(102.1)
Profit/(Loss) before tax multiplied by the UK statutory rate of corporation tax of 25% (2023: 23.52%)	3.5	(20.7)
Effect of:		
Special tax rates and reliefs applying to oil and gas activities in the UK	(2.1)	(1.1)
Special tax rates and reliefs applying to oil and gas activities in Egypt	5.1	13.4
Temporary differences not recognised	7.1	23.5
Permanent items non-deductible	18.3	14.3
India tax refund not subject to tax	(5.4)	–
Group relief surrendered against profits/gains arising in discontinued operations	–	11.1
Total tax charge on profit/(loss) from continuing operations	26.5	40.5

The reconciliation shown above has been based on the average UK statutory rate of corporation tax for 2024 of 25% (2023: 23.52%). The Finance Act 2023 was enacted on 11 July 2023 and increased the UK main rate of corporation tax from 19% to 25% with effect from 1 April 2023.

The applicable UK statutory corporation tax rate applying to North Sea oil and gas activities is currently 40% (2023: 40%). The temporary Energy (Oil and Gas) Profits Levy was increased to 35% from 1 January 2023 (substantively enacted in November 2022) and further increased to 38% on profits arising after 1 November 2024 (substantively enacted November 2024).

SECTION 5 – TAXATION CONTINUED

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

Factors affecting tax charge for the year continued

The applicable statutory tax rate applying to oil and gas activities in Egypt is currently 40.55% (2023: 40.55%).

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

The effect of temporary differences not recognised of \$7.1m (2023: \$23.5m) includes:

- a \$2.1m (2023: \$0.7m) 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 \$(0.1)m (2023: \$17.6m) movement in the year in respect of unrecognised deferred tax assets on Egypt oil and gas assets and tax losses;
- a \$4.7m (2023: \$(0.2)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 \$0.4m (2023: \$4.9m) 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 \$18.3m (2023: \$14.3m) includes:

- \$2.2m (2023: \$2.2m) in respect of share-based payment charges;
- \$(4.7)m (2023: \$(3.5)m) predominantly in respect on non-taxable adjustments related to foreign exchange and tax relief on exercised share options;
- \$17.9m (2023: \$10.8m) in respect of costs in Egypt considered non-deductible for tax purposes;
- \$1.1m (2023: \$(1.7)m) in respect of overseas costs considered non-deductible/taxable; and
- \$1.8m (2023: \$6.4m) in respect of other permanent items considered non-deductible.

5.3 Current tax receivable

Capricorn are 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 is \$5.4m, with \$1.4m received during the year and \$4.0m outstanding at the year end. Recovery is expected within the next 12 months.

5.4 Deferred tax assets and liabilities

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

	Temporary difference in respect of non-current assets (restated) \$m	Losses (restated) \$m	Other temporary differences \$m	Total \$m
Deferred tax assets				
At 1 January 2023	8.7	–	–	8.7
Deferred tax charge through the Income Statement – continuing operations	(4.4)	3.3	–	(1.1)
At 31 December 2023	4.3	3.3	–	7.6
Deferred tax credit through the Income Statement – continuing operations	13.2	(2.5)	–	10.7
At 31 December 2024	17.5	0.8	–	18.3
Deferred tax liabilities				
At 1 January 2023	(24.3)	9.1	(13.2)	(28.4)
Deferred tax credit through the Income Statement – continuing operations	14.8	–	–	14.8
Deferred tax (charge)/credit through the Income Statement – discontinued operations	–	(9.1)	13.2	4.1
At 31 December 2023	(9.6)	–	–	(9.6)
Deferred tax charge through the Income Statement – continuing operations	(12.5)	–	–	(12.5)
At 31 December 2024	(22.1)	–	–	(22.1)

Prior year comparatives have been restated to correctly disclose the deferred tax impact of temporary differences in respect of non-current assets from the deferred tax impact of tax losses within Egypt deferred tax assets. There is no change to the net deferred tax asset or liability recognised at 31 December 2023.

Deferred tax assets/(liabilities) in Egypt:

	As at 31 December 2024 \$m	As at 31 December 2023 \$m
Assets	18.3	7.6
Liabilities	(22.1)	(9.6)
	(3.8)	(2.0)

SECTION 5 – TAXATION CONTINUED

5.4 Deferred tax assets and liabilities continued

Recognised deferred tax assets

Egypt

Deferred tax assets of \$18.3m (2023: \$7.6m) are recognised in respect of Egypt oil and gas non-current assets temporary differences of \$43.2m (2023 restated: \$10.6m) and Egypt tax losses of \$2.0m (2023 restated: \$8.1m) on four concessions where future profits are expected to be available to recover the value of the assets.

At the balance sheet date the Group has \$69.5m (2023: \$33.0m) of temporary differences in respect of Egypt non-current assets and \$38.9m (2023: \$38.6m) 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

Deferred tax liabilities of \$22.1m (2023: \$9.6m) are recognised across five concessions in respect of taxable temporary differences of \$54.5m (2023: \$23.6m) related to Egypt oil and gas non-current assets. No tax losses are available to offset these taxable temporary differences.

UK

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

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 2024 \$m	At 31 December 2023 \$m
UK RFCT trading losses	254.7	244.6
UK SCT loss	250.8	253.1
UK other ring fence temporary differences	629.3	626.4
UK excess management expenses	450.9	414.6
UK non-trade deficits	93.2	79.6
UK temporary differences on share-based payments	34.0	34.0
UK disallowed tax interest expenses	–	11.3
Egypt fixed asset temporary differences	11.8	20.9
Egypt ring fence corporation tax trading losses	35.6	29.7

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, with a total claim of \$43.5m including interest and penalties. Capricorn strongly refutes that any tax is due and will robustly defend the Group’s position. At the balance sheet date, no provision has been made in the Financial Statements, with further disclosures of this contingent liability in note 6.3.

6.1 Profit/(Loss) from discontinued operations

Settlement of earnout consideration due

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

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

On 18 December 2023, Capricorn entered into a settlement agreement with Waldorf for the full and final settlement of the remaining earnout consideration due. Under the agreement, Capricorn received an initial payment of \$48.0m in December 2023, with a further \$2.0m 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 Waldorf’s 25% non-operated WI in the Columbus gas field, subject to the necessary approvals. However, due to financial difficulties impacting Waldorf, the \$22.5m has not been received and instead written down to an estimated recoverable value of only \$1.5m. The transfer of the Columbus asset is also not expected to complete and the related long-term receivable fully impaired.

At the date of the settlement agreement, the fair value of the earnout was \$79.3m, a fall of \$10.4m across the year, reflecting oil price movements. With combined proceeds from the settlement agreement of \$77.6m, after adjusting for expected credit losses of \$1.9m, the Group recorded a loss on the settlement of the earnout of \$1.7m 2023 and \$26.1m in 2024.

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

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Cost of sales		
Cost of sales – recovery of production costs	–	4.3
Operating profit	–	4.3
Gain on disposal of oil and gas assets	50.0	–
Loss on disposal of a subsidiary	(0.7)	–
Loss on financial asset at fair value through profit or loss – earnout consideration	–	(10.4)
Loss on disposal of a financial asset	(26.1)	(1.7)
Finance income	–	2.3
Profit/(Loss) before tax from discontinued operations	23.2	(5.5)
Tax credit	–	4.1
Profit/(Loss) after tax from discontinued operations	23.2	(1.4)
	2024	2023
	\$	\$
Earnings per share for profit/(loss) from discontinued operations		
Profit/(Loss) per ordinary share – basic and diluted (\$)	0.30	(0.01)

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 dependant 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 2024.

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

The fair value loss in 2023 was recognised on changes in the valuation of earnout consideration receivable prior to the December 2023 settlement agreement.

SECTION 6 – DISCONTINUED OPERATIONS CONTINUED

6.2 Cash flow information for discontinued operations

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Net cash flows from operating activities	–	4.3
Net cash flows from investing activities	2.0	184.7
Net increase in cash and cash equivalents	2.0	189.0

The 2022 earnout of \$134.4m and related interest payment of \$2.3m were received in March 2023. In December 2023, a further settlement of \$48.0m was received following the settlement with Waldorf. In 2024, a further \$2.0m was received under the terms of the 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 (\$29.0m including interest and penalties) should have been paid on the transfer (in December 2020) by Capricorn to Woodside of its PSC interests offshore Senegal; and
- Senegalese real estate capital gains tax (\$14.5m including interest and penalties) should have been withheld by Woodside from the price paid to Capricorn in respect of the sale of those PSC interests.

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

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

SECTION 7 – CAPITAL STRUCTURE AND OTHER DISCLOSURES

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

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

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

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

7.1 Issued capital and reserves

Called-up share capital

	Number 21/13p ordinary '000	Number 490/143p ordinary '000	Number 735/143p ordinary '000	799/122p ordinary '000	21/13p ordinary \$m	490/143p ordinary \$m	735/143p ordinary \$m	799/122p ordinary \$m
Allotted, issued and fully paid ordinary shares								
At 1 January 2023	315,072	–	–	–	8.0	–	–	–
Share consolidation – 15 May 2023	(315,072)	148,534	–	–	(8.0)	8.0	–	–
Share repurchase	–	(5,697)	–	–	–	(0.3)	–	–
Share consolidation – 5 October 2023	–	(142,837)	95,225	–	–	(7.7)	7.7	–
Share repurchase	–	–	(1,447)	–	–	–	(0.1)	–
At 31 December 2023	–	–	93,778	–	–	–	7.6	–
Share repurchase	–	–	(1,840)	–	–	–	(0.2)	–
Share consolidation – 24 May 2024	–	–	(91,938)	72,153	–	–	(7.4)	7.4
Share repurchase	–	–	–	(1,595)	–	–	–	(0.1)
At 31 December 2024	–	–	–	70,558	–	–	–	7.3
								2024
Share premium								\$m
At 1 January 2023								495.4
Share premium cancellation								(495.4)
Arising on shares issued for employee share options								0.8
At 31 December 2023								0.8
Arising on shares issued for employee share options								0.1
At 31 December 2024								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 3,435,774 shares were repurchased throughout 2024 (2023: 7,143,720). The total value of the ordinary shares purchased was £5.6m (\$7.2m) (2023: £14.2m (\$16.9m)), with a \$0.3m (2023: \$0.4m) reduction in share capital and a reduction of \$0.1m (2023: \$1.0m) 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 4.3 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.

During 2023, the Company paid dividends to shareholders of approximately \$450m and \$100m to shareholders in May and October respectively (see note 7.2). The US dollar amounts were converted into GBP ahead of each dividend. Exchange movements from the date of conversion to the date of payment reduced the US dollar equivalent of the dividends to \$541.1m. Accompanying each return, the Company undertook a share consolidation which, together with the share repurchases reduced the number of ordinary shares issued to 93.8m at 31 December 2023.

The share premium cancellation of \$495.4m was confirmed by the Court of Session on 27 January 2023 and consequently registered with the Registrar of Companies on 31 January 2023.

a) Shares held by ESOP Trust

The cost of shares held by the ESOP Trust at 31 December 2024 was \$5.0m (2023: \$5.1m). The number of shares held by the Trust at 31 December 2024 was 1,829,160 (2023: 1,008,584) and the market value of these shares was £5.4m (\$6.7m) (2023: £1.7m (\$2.2m)). During 2024, the Group purchased 4,339,148 (2023: 7,364,197) shares at a cost of \$10.3m (2023: \$20.4m). During 2024, 125,743 shares were created on share consolidation (2023: 1,856,663).

During 2023, the Group sold 404,973 shares at price of \$0.9m; 4,159,174 shares vested and 25,000 shares were transferred from the ESOP Trust to the SIP Trust.

SECTION 7 – CAPITAL STRUCTURE AND OTHER DISCLOSURES CONTINUED

7.1 Issued capital and reserves continued

b) Shares held by SIP Trust

The cost of shares held by the SIP Trust at 31 December 2024 was \$1.7m (2023: \$1.2m). The number of shares held by the Trust at 31 December 2024 was 141,047 (2023: 124,693) and the market value of these shares was £0.4m (\$0.5m) (2023: £0.2m (\$0.3m)). In 2024, the cost of SIP shares purchased was \$0.6m (2023: \$nil).

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 (2023: \$45.9m) 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 (2023: \$568m) 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.

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

7.3 Capital management

The objective of the Group's capital management structure is to ensure that there remains sufficient liquidity within the Group to carry out committed work programme requirements. The Group monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Group is subject to biannual forecast liquidity tests as part of the Senior and Junior Debt Facilities. The Group has complied with the capital requirements of these tests at all times during the year, 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 2024, other than the funding of the Egypt business noted above.

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

	At 31 December 2024 \$m	At 31 December 2023 \$m
Loans and borrowings	99.3	111.8
Lease liabilities	6.1	7.4
Less cash and cash equivalents	(123.4)	(189.5)
Net funds	(18.0)	(70.3)
Equity	349.3	406.5
Capital and net funds	331.3	336.2
Gearing ratio	–	–

7.4 Guarantees

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

The Group has provided the following guarantees at 31 December 2024:

- various guarantees for the Group's operational commitments for the current year of \$19.8m (2023: \$27.6m); and
- Parent company guarantees for the Group's obligations under joint operating agreements and other contracts.

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

SECTION 7 – CAPITAL STRUCTURE AND OTHER DISCLOSURES CONTINUED

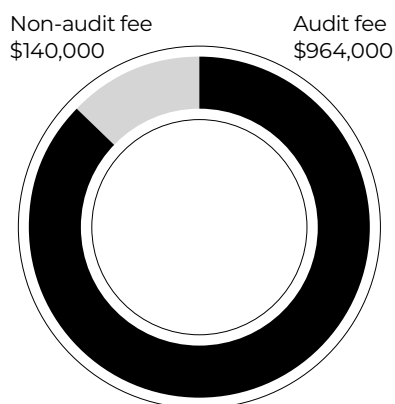
7.5 Auditors' remuneration

	Year ended 31 December 2024 \$'000	Year ended 31 December 2023 \$'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	726	485
Auditing of the Financial Statements of subsidiaries	238	261
	964	746
<i>Non-audit fees:</i>		
Audit-related assurance services	134	141
Other assurance services relating to corporate finance transactions	–	629
Other non-audit services not included above	6	–
	140	770
Total fees	1,104	1,516

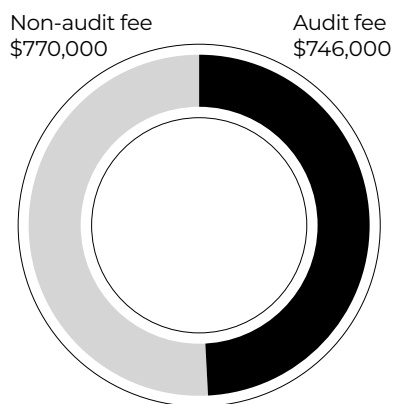
The Group has a policy in place for the award of non-audit work to the auditors which requires Audit Committee approval (see the Audit Committee Report on page 44). Non-audit fees incurred in the year were permissible services under the Financial Reporting Council Ethical Standard, including services required by law and regulations.

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

2024 Fees to the auditors



2023 Fees to the auditors



COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

	Note	2024 \$m	2023 (restated) \$m
Non-current assets			
Investments in subsidiaries	8.2	382.8	334.1
Long-term intercompany receivables	8.3	5.1	5.7
		387.9	339.8
Current assets			
Cash and cash equivalents	8.4	76.0	48.0
Other receivables	8.5	7.4	78.0
		83.4	126.0
Total assets		471.3	465.8
Current liabilities			
Bank overdraft	8.4	0.7	0.2
Lease liability		1.0	0.6
Trade and other payables	8.6	76.5	49.0
		78.2	49.8
Non-current liabilities			
Lease liability	8.7	5.1	5.7
		5.1	5.7
Total liabilities		83.3	55.5
Net assets		388.0	410.3
Equity			
Called-up share capital	7.1	7.3	7.6
Share premium	7.1	0.9	0.8
Shares held by ESOP/SIP Trusts	7.1a,b	(6.7)	(6.3)
Capital reserves	7.1d	6.1	5.8
Retained earnings:			
At 1 January		402.4	753.7
Profit/(Loss) for the year		43.9	(260.7)
Other movements in retained earnings		(65.9)	(90.6)
		380.4	402.4
Total equity		388.0	410.3

The Financial Statements on pages 115 to 123 were approved by the Board of Directors on 27 March 2025 and signed on its behalf by:



Randy Neely
Chief Executive

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 \$m	2023 (restated) \$m
Cash flows from operating activities:			
Profit/(Loss) before taxation		43.9	(260.7)
Share-based payments charge/(reversal)		0.7	(2.2)
(Reversal of impairment)/Impairment of investment in subsidiary		(47.5)	268.3
Loan waiver		0.3	–
Finance income		(7.2)	(26.6)
Finance costs		6.6	1.1
Provision against receivable		–	4.4
Other receivables movement		1.0	0.4
Trade and other payables movement		0.1	(2.0)
Net cash used in operating activities		(2.1)	(17.3)
Cash flows from investing activities:			
Loans to group undertakings		–	(617.5)
Repayments of loans to group undertakings		73.2	577.1
Interest received and other finance income		4.2	9.6
Net cash flows from/(used in) investing activities		77.4	(30.8)
Cash flows from financing activities:			
Return of cash to shareholders		(50.1)	(542.1)
Share repurchase		(7.3)	(18.9)
Other interest and charges		(0.2)	(0.3)
Cost of shares purchased	7.1a,b	(10.9)	(19.5)
Proceeds from issue of shares		0.2	0.8
Lease payments		(0.9)	(1.2)
Drawdown on financing from group undertakings		64.5	48.0
Repayment of financing from group undertakings		(43.0)	–
Net cash flows used in financing activities		(47.7)	(533.2)
Net increase/(decrease) in cash and cash equivalents		27.6	(581.3)
Foreign exchange differences		(0.1)	(1.0)
Opening cash and cash equivalents at beginning of year		47.8	630.1
Closing cash and cash equivalents including bank overdraft	8.4	75.3	47.8

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	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 2023	503.4	(15.3)	5.4	753.7	1,247.2
Loss for the year	–	–	–	(260.7)	(260.7)
Total comprehensive expense	–	–	–	(260.7)	(260.7)
Return of cash to shareholders	–	–	–	(541.1)	(541.1)
Share premium cancelled	(495.4)	–	–	495.4	–
Share-based payments	–	–	–	2.5	2.5
Exercise of employee share options	0.8	–	–	–	0.8
Share repurchase	(0.4)	–	0.4	(18.9)	(18.9)
Cost of shares purchased	–	(19.5)	–	–	(19.5)
Cost of shares vesting	–	28.5	–	(28.5)	–
At 31 December 2023	8.4	(6.3)	5.8	402.4	410.3
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-based payments	–	–	–	1.9	1.9
Exercise of employee share options	0.1	0.1	–	–	0.2
Share repurchase	(0.3)	–	0.3	(7.3)	(7.3)
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

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:

Reversal of impairment on investments in subsidiaries

The Company's investment in Capricorn Oil Limited has been reviewed for indicators of impairment and impairment reversal 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, other than noted below, and includes the valuation of the Egypt business based on expected terms resulting from the concession modernisation discussions. Given that production from the Egypt concessions immediately adds to the net assets of the subsidiary through an increase in receivables, the nine month delay to collections assumption has been removed in testing the investment in subsidiary for impairment.

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.

Restatement of comparatives

Prior year comparative information in the Company Balance Sheet and Cash Flow Statement has been restated to separately disclose amounts receivable and payable to subsidiary undertakings. In the Balance Sheet, a net \$29.8m receivable was previously disclosed within trade and other receivables (note 8.5) which is now presented as a current receivable of \$77.8m and a current payable of \$48.0m within trade and other receivables (note 8.5) and trade and other payables (note 8.6) respectively. Movements in the 2023 cash flow statement have also been updated to reflect inflows and outflows relating to intercompany loans and these have been reclassified from investing to financing activities where appropriate. The volume of cash moved between Capricorn Energy PLC and its subsidiary Capricorn Oil Limited reflects the loaning of funds from the Company to its subsidiary to be placed on deposit before returning to the parent prior to the return of cash to shareholders. The net amounts previously disclosed within investing cash inflows of \$7.6m is now presented as \$617.5m cash outflows and \$577.1m cash inflows in investing activities and \$48.0m cash inflows within financing activities.

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 (2023: \$60/bbl unescalated), escalation for costs of 4.0% (2023: 3.0%) and a discount rate of 15% (2023: 15%). Full details on the assumptions used for valuing oil and gas assets can be found in section 2.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.2 Investments in subsidiaries continued

	Subsidiary undertakings \$m	Total \$m
Cost		
At 1 January 2023	3,718.6	3,718.6
Additions	4.6	4.6
At 31 December 2023	3,723.2	3,723.2
Additions	1.2	1.2
At 31 December 2024	3,724.4	3,724.4
Impairment		
At 1 January 2023	3,120.8	3,120.8
Impairment charge	268.3	268.3
At 31 December 2023	3,389.1	3,389.1
Reversal of impairment	(47.5)	(47.5)
At 31 December 2024	3,341.6	3,341.6
Net book value		
At 31 December 2022	597.8	597.8
At 31 December 2023	334.1	334.1
At 31 December 2024	382.8	382.8

Additions during the year of \$1.2m (2023: \$4.6m) 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 2024 and 2023 represents the Company's investment in Capricorn Oil Limited. Investments in Capricorn Senegal (Holding) Limited and Capricorn Energy Investments Limited are carried at nominal values. 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 reversal and impairment tests conducted where an indicator of impairment reversal 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 revised concession terms that management expect a market participant would consider in determining fair value. A total impairment reversal of \$47.5m was recorded.

At 31 December 2023, the Company's investment in Capricorn Oil Limited was impaired to reflect the fair value or value in use of the underlying assets of the Capricorn Oil Group. In 2023, a charge of \$268.3m was made to the Company's Income Statement.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.2 Investments in subsidiaries continued

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

Direct holdings

	Business	Country of incorporation	Country of operation	Registered office address
Cairn UK Holdings Limited	Holding company	Scotland	Scotland	50 Lothian Road, Edinburgh, EH3 9BY
Capricorn Energy Investments Limited 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	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.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.3 Long-term intercompany receivables

	At 31 December 2024 \$m	At 31 December 2023 \$m
Long-term intercompany receivables	5.1	5.7
	5.1	5.7

Long-term intercompany receivables include amounts due from Capricorn Energy Holdings Limited of \$5.1m (2023: \$5.7m).

8.4 Cash and cash equivalents

	At 31 December 2024 \$m	At 31 December 2023 \$m
Cash at bank	3.3	–
Money market funds	72.7	48.0
Cash and cash equivalent	76.0	48.0
Bank overdraft	(0.7)	(0.2)
Net cash balance for cash flow purposes	75.3	47.8

At 31 December 2024, \$3.2m (2023: \$5.0m) of cash and cash equivalents are restricted and not available for immediate ordinary business use. See note 3.1 for details on the placing of surplus funds on deposit and money market funds.

8.5 Other receivables

	At 31 December 2024 \$m	At 31 December 2023 (restated) \$m
Other receivables	0.3	1.1
Amounts receivable from subsidiary undertakings	7.1	76.9
	7.4	78.0

8.6 Trade and other payables

	At 31 December 2024 \$m	At 31 December 2023 (restated) \$m
Trade and other payables	0.1	0.1
Amounts payable to subsidiary undertakings	75.4	48.0
Accruals	1.0	0.9
	76.5	49.0

The amounts payable to subsidiary undertakings are 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 2024 \$m	At 31 December 2023 (restated) \$m
Carrying amount and fair value		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	76.0	48.0
Other receivables – amounts receivable from subsidiary undertakings	7.1	76.9
Other receivables	0.3	1.1
Long-term intercompany receivables	5.1	5.7
	88.5	131.7

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 2024 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	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

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

	<1 year (restated) \$m	1–2 years \$m	2–5 years \$m	>5 years \$m
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	48.0	–	–	–
Other receivables – amounts receivable from subsidiary undertakings	76.9	–	–	–
Other receivables – other	1.1	–	–	–
Long-term intercompany receivables	–	1.0	2.9	1.8
	126.0	1.0	2.9	1.8

Financial liabilities

	At 31 December 2024 \$m	At 31 December 2023 (restated) \$m
Carrying amount and fair value		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	0.1	0.1
Bank overdraft	0.7	0.2
Amounts payables to subsidiary undertakings	75.4	48.0
Accruals	0.9	0.7
Lease liability	6.1	6.3
	83.2	55.5

Maturity analysis of financial liabilities

The expected financial maturity of the Company's financial liabilities at 31 December 2024 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 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

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

	<1 year (restated) \$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	0.2	–	–	–
Amounts payable to subsidiary undertakings	48.0	–	–	–
Accruals	0.7	–	–	–
Lease liability	0.6	1.0	3.0	1.7
	49.6	1.0	3.0	1.7

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.

SECTION 8 – NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8.8 Capital management

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

	At 31 December 2024 \$m	At 31 December 2023 (restated) \$m
Continuing operations		
Amounts payable to subsidiary undertakings	75.4	48.0
Lease liability	6.1	6.3
Less cash and cash equivalents	(75.3)	(47.8)
Net debt	6.2	6.5
Equity	388.0	410.3
Capital and net funds	394.2	416.8
Gearing ratio	1.6%	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 2024 \$m	At 31 December 2023 (restated) \$m
Amounts payable to subsidiary undertakings	(75.4)	(48.0)
Amounts receivable from subsidiary undertakings	12.2	82.6
	(63.2)	34.6

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 loss for the year:

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Amounts invoiced to subsidiaries	2.6	1.1
Amounts invoiced by subsidiaries	0.2	4.1

Directors' remuneration

The remuneration of the Directors of the Company is set out below. Further information about individual Directors' remuneration is provided in the audited section of the Directors' remuneration report on pages 53 to 66.

	Year ended 31 December 2024 \$m	Year ended 31 December 2023 \$m
Emoluments	1.9	2.1
Share-based payments	–	0.1
	1.9	2.2

Pension contributions of \$0.1m (2023: \$0.1m) were made on behalf of Directors in 2024.

No LTIP share awards to Directors vested during 2024 or 2023. Share-based payments disclosed above represent the market value at the vesting date of these awards in that year.

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

Other transactions

During the year, the Company did not make any purchases in the ordinary course of business from an entity under common control (2023: \$nil).

LICENCE LIST

AS AT 31 DECEMBER 2024

Country	Asset name	Licence/Concession	Block(s)	Operator	% CE interest
Egypt	ALAM EL SHAWISH WEST	ALAM EL SHAWISH	AL ASSIL, AL BARQ, AL KARAM, AL MAGD, BAHGA	CHEIRON (20%)	20
Egypt	BADR EL DIN	BADR EL DIN	BED-19, BED-20	CHEIRON (50%)	50
Egypt	BED 2-17	BED 2-17	BED-2, BED-17	CHEIRON (50%)	50
Egypt	BED-3	BED-3	BED-3	CHEIRON (50%)	50
Egypt	NORTH ALAM EL SHAWISH	NORTH ALAM EL SHAWISH	NAES-1	CHEIRON (50%)	50
Egypt	NORTH EAST ABU GHARADIG	NEAG EXTENSION	NEAG-1, NEAG-2, NEAG-3, NEAG-5	CHEIRON (26%)	26
Egypt	NORTH EAST ABU GHARADIG	NEAG TIBA	JG, JD, SHEIBA	CHEIRON (26%)	26
Egypt	NORTH MATRUH	NORTH MATRUH	NORTH MATRUH-1 TEEN	CHEIRON (50%)	50
Egypt	NORTH UM BARAKA	NORTH UM BARAKA	NORTH UM BARAKA, NUMB-1	CHEIRON (50%)	50
Egypt	OBAIYED	OBAIYED	OBAIYED	CHEIRON (50%)	50
Egypt	SITRA	SITRA	SITRA	CHEIRON (50%)	50
Egypt	SOUTH EAST HORUS	SOUTH EAST HORUS	SOUTH EAST HORUS	CHEIRON (50%)	50
Egypt	WEST EL FAYIUM	WEST EL FAYIUM	WEST EL FAYIUM	CHEIRON (50%)	50

GROUP RESERVES AND RESOURCES AS AT 31 DECEMBER 2024

Reserves

The Group 2P reserves decreased by 5.2 mmboe during the year from 20.8 mmboe at year end 2023 to 15.6 mmboe at year end 2024 on an entitlement interest basis. This was principally due to Egyptian production of 3.6 mmboe and downward revisions in undeveloped reserves due to lower drilling activity in expiring licences. EGPC pays income taxes on our behalf and the 2P reserves at year end 2024 is 17.9 mmboe on a before tax net entitlement basis.

Group proven plus probable oil and gas reserves (2P)

	Working Interest (WI)			Entitlement Interest (EI)		
	Oil mmbbls	Gas bcf	boe mmboe	Oil mmbbls	Gas bcf	boe mmboe
At 1 January 2024	20.1	166.3	49.8	8.4	69.3	20.8
Technical revisions	1.6	(13.2)	(0.8)	–	(8.9)	(1.6)
Production	(3.8)	(27.2)	(8.7)	(1.4)	(12.1)	(3.6)
At 31 December 2024	17.8	125.9	40.3	7.0	48.3	15.6

Year end 2024 reserves are based on the Competent Person's Report compiled for Capricorn by GLJ Ltd and prepared in accordance with the latest Society of Petroleum Engineers Petroleum Resources Management System (SPE PRMS) approved definitions of reserves and resources. GLJ based their evaluation on information and data provided by Capricorn.

All 2P reserves are located within the Western Desert assets in Egypt.

Sensitivity analysis with different hydrocarbon and carbon emission prices

Total Group 2P Reserves	WI mmboe	EI mmboe
IEA's World Energy Outlook 2024 Stated Policies Scenario (STEPS)	40.2	15.3
IEA's World Energy Outlook 2024 Announced Pledges Scenario (APS)	40.0	15.4
IEA's World Energy Outlook 2024 Net Zero Emissions by 2050 Scenario (NZE)	38.2	15.4

Subdivision of 2P reserves

By country

	%
Egypt	100
Within 20 lowest ranking countries from Transparency International's Corruption Perception Index	–

Group contingent oil and gas resources (2C development unclarified)

	WI mmboe
At 1 January 2024	9.8
Revisions	11.6
31 December 2024	21.4

Contingent resources are based on the Competent Person's Report compiled for Capricorn by GLJ Ltd and prepared in accordance with the latest SPE PRMS definitions. The year end 2024 contingent resources include the extension of all concessions through to the end of 2040 by 15 years. All contingent resources are located within the Western Desert assets in Egypt.

GLOSSARY

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

2C	Denotes best estimate scenario of contingent resources
2P	Proved plus probable reserves, denotes best estimate scenario
AESW	Alam El Shawish West
AGM	Annual General Meeting
AQI	Audit Quality Inspection
ASA	Administrative Services Agreement
Bapetco	Badr Petroleum Company
bbl	Barrel
BCF	Billion cubic feet
BED	Badr El Din
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
bps	Basis point
CCUS	Carbon capture, utilisation and storage
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COO	Chief Operating Officer
EGP	Egyptian pound
EGPC	Egyptian General Petroleum Corporation
EVP	Executive Vice President
FTSE	The Financial Times Stock Exchange
GBP	British pound sterling
HSSE	Health, safety, security and environment
IAS	International Accounting Standards
IEA	International Energy Agency
IEA APS	International Energy Agency's Announced Pledges Scenario
IEA STEPS	International Energy Agency's Stated Policies Scenario
IEA NZE	International Energy Agency's Net Zero Emissions Scenario
ISAs	International Standards on Auditing
ISO	International Organization for Standardization
IT	Information Technology
LLP	Limited liability partnerships
LTIF	Lost time injury frequency
LTIP	Long-term incentive plan
m	Million
mscf	Thousand standard cubic feet
mmscf/d	Million standard cubic feet per day
N/A	Not applicable
NEAG	North East Abu Gharadig
NUMB	North Um Baraka
PLC	Public limited company
RCR	Reserves conversion ratio
SECR	Streamlined Energy and Carbon Reporting
SEH	South East Horus
SIP	Share incentive plan
SPE PRMS	Society of Petroleum Engineers Petroleum Resource Management System
tCO ₂ e	Tonnes of carbon dioxide equivalent
TRIR	Total recordable injury rate
WAEP	Weighted average exercise price
WAGP	Weighted average grant price
WEF	West El Fayium

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