THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

28 March 2024

CAPRICORN ENERGY PLC (“Capricorn” or “the Company”)

Full Year Results Announcement for the year ended 31 December 2023 and announcement of proposed $50m special dividend

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

Randy Neely, Chief Executive, Capricorn Energy PLC said:

“In the last year, the renewed Board executed multiple strategic initiatives to transform Capricorn: cost reduction programmes, focusing the corporate opportunities portfolio on Egypt and changes to the culture of the business, which we continue to push through. Alongside this strategic refresh, the Board made returning capital to shareholders a core business objective, returning ~$568m in 2023. Additionally, I am delighted to announce that we are proposing a $50m special dividend to be paid in Q2 2024, subject to shareholder approval.

Significant progress was made in 2023 in exiting our non-Egypt exploration licences in Mexico, Mauritania and Suriname. We settled our remaining earnout considerations due from Waldorf Production Ltd (Waldorf) in exchange for a $72.5m payment and 25% working interest (WI) in the Columbus gas field (subject to completion), maintaining an ongoing presence in the UK North Sea. There remains the potential of a contingent payment from Woodside Energy’s (Woodside) Sangomar Field Development in Senegal.

We remain committed to the potential of our Egypt assets and believe that Egypt is a strong jurisdiction for oil and gas companies to do business. In 2023, the Company’s receivables balance increased materially, however, throughout my twelve years working in Egypt, and looking further back, the Government of Egypt has always honoured its financial obligations to international investors. Our relationships with both our joint venture partner, Cheiron, and the Egyptian General Petroleum Corporation (EGPC) continue to build upon a strong foundation as we manage the Egyptian portfolio through a cooperative and collaborative approach. Additionally, the Company continues to engage with EGPC regarding a potential amendment to the terms of our Production Sharing Contracts (PSCs) – a key catalyst in unlocking value from our Egypt assets.

Looking ahead, we are actively working with our partner to maximise the potential of our Egyptian portfolio and progress amendments to the PSCs that support increased investment and strengthened returns. We are confident that the receivables position will improve in the coming months, supported by the Q1 2024 announcements of the UAE investment deal on the Egyptian north coast and the International Monetary Fund loan, as well as financial support package pledges from the EU and World Bank. We are also pleased to announce that Capricorn received payment of $30m from EGPC this week, further demonstrating the improving fiscal landscape. By focusing on production and development opportunities to provide sustainable, best in class returns, and deepening our relationships with our Partner and the Egyptian Government, our renewed team will ensure that Capricorn advances confidently and successfully in 2024 and beyond.”

Strategic Highlights

- Delivery on our shareholder return commitment set out in the strategic review, with ~$568m paid to shareholders in 2023 and a further planned dividend payment of $50m in Q2 2024, accompanied by a share consolidation, subject to shareholder approval
- Ongoing $25m share buyback programme – ~$21m repurchased to date, with progress limited by reduced trading volumes
- Corporate focus on maximising value from the Egypt portfolio
- Full exit of non-core exploration positions in Mauritania, Mexico and Suriname
- Appointment of Randy Neely as Chief Executive Officer and Director
- Right sized the organisation with 80% UK headcount reduction
- Revised agreement with Waldorf relating to the Company’s disposal of its Catcher and Kraken interests, with Capricorn now to receive $72.5m over the 12 months following the settlement date and Waldorf’s 25% WI in the Columbus gas field in the UK North Sea, subject to completion. *

Operational Highlights

- WI Egypt oil and gas production 30,044 boepd, comprising 47% liquids; net entitlement sales volumes 12,161 boepd
- 23 additional wells were put on production adding ~6300 bopd and ~16 mmscfd
- Of the 29 development wells drilled, 25 targeted liquids production, reflecting the execution of a liquids focused strategy
- In total nine near field exploitation (NFE) wells were drilled, seven of which were successful, adding developed producing reserves of ~1 mmboe
- Exploration drilling in the first half of 2023 was unsuccessful with three wells drilled
- Operating costs per boe of $5.4 on a WI basis
- Making progress with opportunistic investments to decarbonise and reduce operating costs.

Financial Highlights

- Revenues of $201m with average oil price of $81.2/bbl and gas price of $2.9/mmscf; production costs of $60m
- $49m exploration capex and general exploration costs; $15m in Egypt and $34m across legacy international portfolio
- $91m capex on Egypt producing assets
- Net cash inflow of $32m from Egypt operations
- Group net cash of $76m; comprising $190m cash and $114m debt
- Receivables of $169m, after expected credit loss adjustments
- Gross G&A of $75m inclusive of restructuring costs
- $48m contingent payment received in December related to the disposition of the Company's legacy UK North Sea assets with a further $24.5m to be received over the next 10 months
- Group cash expenditure on oil and gas assets $88m; $43m exploration, including general costs, and $44m producing assets
- Operating loss of $87m from continuing operations
- Combined impairment charge of $44m on Egypt producing assets and related goodwill
- Loss after tax of $144m.

2024 Outlook

- Post-year end appointment of Eddie Ok as CFO and Geoff Probert as COO
- The Company remains committed to aligning investment in Egypt with funds available in country – an update on 2024 guidance and budget is expected to be provided once the Company has clarity on accessible funds generated in country
- Production in 2024 is guided in the range of 20-24,000 boepd, 48% of which is forecast to be liquids
- Operating costs forecast to be stable at $7-$9/boe influenced by liquids processing volume and absolute production levels
- The Company continues to focus on costs with gross G&A expected to reach a year end run rate of <$20m per year, net of remaining restructuring costs
- On the Alam El Shawish (AESW) concession (20% working interest), Capricorn was voted into a 2024 work programme by the joint venture, with a corresponding net capital exposure of $4.3m
- The Company is currently committed to spend a further net ~$10m in 2024 comprised of up to five non-operated exploration wells, including activity to de-risk the Abu Roash F unconventional play. Capricorn intends to seek at least a partial deferment of these expenditures into 2025
- The Company is working with the Operator in Egypt to amend the EGPC concession terms and secure extensions to support increased investment and strengthened returns
- Capricorn expects to complete the acquisition of a 25% WI in the Columbus gas condensate field in Q2 2024*
- The Company is currently seeking to defer amounts due under its remaining contingent obligations related to the acquisition of its Egyptian assets.

*In the event that the acquisition does not complete by the longstop date, Capricorn will receive a payment of $7m.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("**MAR**"). Upon the publication of this announcement via Regulatory Information Service ("**RIS**"), this inside information is now considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of Capricorn is Paul Ervine, Company Secretary.

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Presentation
The results presentation slides will be available on the website from 09:00 UK time.

Analyst conference call
You can listen to the results presentation by dialling in to a conference call at 11:45 UK time using the below dial-in-details. Analysts who wish to ask a question should use the conference call facility.

Dial-in Details:
United Kingdom (Local): +44 (0)330 551 0200

Access code: Quote 'Capricorn-Full Year' when prompted by operator

Webcast

There will be a live audio webcast of the results presentation available to view on the website (www.capricornenergy.com) at 12:00 UK time. This can be accessed on PC, Mac, iPad, iPhone, and Android mobile devices.

An 'on demand' version of the webcast will be available on the website as soon as possible after the event. This can be viewed on PC, Mac, iPad, iPhone, and Android mobile devices.

The LEI of Capricorn is 213800ZJEUQ8ZOC9AL24

Corporate overview

Following the renewal of the Board in Q1 2023, led by Chair Craig van der Laan, Capricorn immediately began a strategic review which resulted in five key priorities that governed activity for the year: capital returns, cost savings scale back of non-core operations, maximisation of value from Egypt and a comprehensive company culture change.

During the period, ~$568m in capital was successfully returned to shareholders; the majority of Capricorn's positions outside Egypt were exited; and a culture change focused on shareholder value and capital discipline is progressing through the organisation.

Egypt remains an attractive sector for oil and gas companies to operate, with a government that is open to constructive relationships with the industry. Capricorn is committed to building out the business by developing accretive opportunities within its portfolio to create a compelling value proposition to investors, establishing ourselves as a returns-focused, agile energy company targeting consistent capital returns.

To drive further change within the Company, Randy Neely was brought in as CEO, bringing with him extensive experience of running a low-cost, effective business in Egypt and creating value in country. Post-period, the Company has welcomed Eddie Ok as CFO and Geoff Probert as COO.

Reserves

Capricorn engaged GLJ Ltd. (GLJ) to undertake an independent oil and gas reserves evaluation on the Company's Egypt assets, to document the 2023 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 2022, net entitlement interest 2P reserves after 2023 production reduced by 13% to 19.4 mmboe
- Developed producing reserves additions in 2023 replaced 60% of production with 47% of this addition occurring in the Badr El Din (BED) area
- 35% of the 2P reserves are categorised as undeveloped, reflecting a decrease from year end 2022 due to the impact of activity deferment with reduced rig activity in 2024 and an updated view of the new well inventory with a reduction in locations
- The net present value of future net entitlement revenues, discounted at 15% (NPV15) for the 2P basis is $267m.

2P Oil & Condensate reserves (mmbo)		**2P Natural Gas (bcf) Reserves**		**Total 2P Reserves Boe (mmboe)**	
Net WI	Net Entitlement	Net WI	Net Entitlement	Net WI	Net Entitlement
20.4	7.8	167.8	65.0	50.4	19.4

Egypt Production

WI production in 2023 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 30,044 boepd (47% oil) for the year. As previously disclosed, this was below the low end of the original 2023 guidance of 32-36,000 boepd, as a consequence of the delay in the delivery of key projects at Teen and in the BED area, along with lower than expected contributions from some new wells and four fewer wells than originally forecast in 2023.

Drilling activity at the end of 2023 continued to be focused on the Abu Roash reservoir targets in the BED concession, where a campaign of step-out and delineation wells saw positive results. These fields have been the focus of field development studies undertaken by Capricorn to optimise further development activity and waterflood strategy. The complex distribution of the Abu Roash reservoir sands and their dynamic behaviour is now better understood and consequently these important fields in the BED concession will remain the focus of development activity following the resumption of drilling.

A number of facilities projects were completed towards the end of 2023 at BED, Teen and Karam. These projects focused on optimising gas production with compression and low-pressure production optimisation, with production impact continuing to be assessed in Q1 2024. There are no further major projects planned in 2024.

Egypt Exploration

Capricorn is in the process of transferring operatorship, however retains participation in three exploration concessions in the Western Desert. The Company continues to work with our partner to negotiate with EGPC for an extension to the concession timelines, allowing a partial deferment of some of this exploration activity into at least 2025.

Notwithstanding seeking a partial deferment, once the Company has clarity on the availability of funds from Egypt operations, exploration activity is expected to include: i) up to three wells in the West El Fayium concession to meet the original minimum work obligation, including a component to de-risk and develop our understanding of the emerging unconventional Abu Roash F formation; ii) a well in the South East Horus concession and fulfilment of the minimum work obligation; and iii) drilling activity commencing towards the end of 2024 in the North Um Baraka concession, where there is a remaining two well commitment.

UK Production

In December 2023, Capricorn agreed to acquire Waldorf's 25% non-operated WI in the Columbus gas field located in the UK Central North Sea in Q1 2024. The interest will be transferred into an existing Capricorn UK subsidiary and should deliver consistent cash flows from a 1 January 2024 effective date, with approximately 80% of production exposed to the UK gas price. In addition, the acquisition of the Columbus field allows the Company to maintain its presence in the UK North Sea where it has been active over the last decade through continuous exploration and production activities. Columbus is expected to provide ~400 boepd from completion of the deal, expected to conclude in Q2 2024.

Non-core Portfolio

Mexico

Capricorn has interests in two blocks in the Gulf of Mexico, as non-Operator in Block 7 (Capricorn 30% WI) and Block 10 (Capricorn 15% WI). The Company has issued notices of withdrawal on these licences and expects to have formally withdrawn by the end of Q2 2024.

Senegal

On 13 February 2024, Capricorn noted Woodside's announcement confirming the arrival of the FPSO facility for Woodside's Sangomar Field development offshore Senegal and its intention to continue to target First Production for mid-2024. As defined in the sale and purchase agreement, Capricorn may become entitled to a contingent payment of either $25m or $50m if the average Brent oil price during the first six months of production exceeds the $55 per barrel or $60 per barrel thresholds and first oil is achieved in the first half of 2024. If first oil is achieved prior to 30 June 2024, the contingent payment would be due in early 2025 once the average oil price has been determined and there has been 30 days of continuous production. First oil is defined as the first continuous 72-hour period of production from the Sangomar Field during which at least a total of 30,000 barrels is produced for sale.

In either case, no additional payment will be due from Woodside if the average Brent price is less than or equal to $55 per barrel or if first oil is achieved later than H1 2024.

As previously noted, a tax audit is taking place with respect to Capricorn's disposal of its interests in the Sangomar Field offshore Senegal. The tax process is ongoing with respect to real estate capital gains tax (~$10m plus interest and penalties) and registration duties (~$25m plus interest and penalties). The Company's position remains that no tax is payable. A payment demand for the full amount (~$45m) was received by Woodside in March 2024 from the Senegalese tax authorities.

Capricorn remains committed to returning any proceeds of any contingent payment to its shareholders.

Outlook

Capricorn is working with its Partner in Egypt to ensure the appropriate scale of rig fleet is deployed to enable effective exploitation of the asset base, in alignment with our strategic review commitments. Drilling activity in Egypt is expected to be lower in 2024 in the absence of a plan to reduce the Company's Egyptian receivables. This will support the delivery of the most efficient drilling campaign to optimise reservoir management and better align capital activity to accessible funds generated in country. While timing uncertainty around collections continues, the Company is managing its Egyptian business obligations and expects to collect the amount outstanding in full.

In the absence of development drilling in our 50% WI concessions, average production is expected to decline by 20-30% over the year to a range of 20-24,000 boepd. Once there is clarity around an EGPC payment plan, Capricorn will be able to provide an approved budget to define its 2024 capex, opex and production guidance.

The Company is currently committed to an exploration capex spend of ~ $10m in 2024 comprising up to five non-operated exploration wells, including activity to de-risk the potentially extensive Abu Roash F unconventional play. At this time the Company is working with the Operator to seek at least a partial deferment of these expenditures into 2025 from EGPC.

Capricorn is currently seeking a commercial resolution to contingent amounts due under its remaining obligations to the seller on the acquisition of its Egyptian assets.

The Company expects to complete the acquisition of 25% WI in the Columbus gas condensate field in Q2 2024.

Principal risks and uncertainties

Managing Capricorn's key risks and associated opportunities are essential to the Company's long-term success and sustainability. Capricorn's risk management framework provides a systematic process for the identification and management of the key risks and opportunities which may affect the delivery of the Group's strategic objectives. Key performance indicators (KPIs) are set annually and determining the level of risk the business is willing to accept in the pursuit of these objectives is a fundamental component of Capricorn's risk management framework.

Overall responsibility for the system of risk management and internal control and reviewing the effectiveness of such systems rests with the Board. Principal risks are presented at each Board meeting and at least once a year the Board undertakes a risk workshop to review the Group's principal and emerging risks. This integrated approach to risk management has been and continues to be critical to the delivery of strategic objectives.

Responding to changing risks during 2023

Capricorn has assessed the principal risks and uncertainties at the end of 2023. The principal risks are:

- Increasing EGPC receivables balance
- Volatile oil and gas prices
- Failure to replace long-term reserves and resources
- Underperformance on Egypt assets
- Political and fiscal uncertainties
- Lack of adherence to health, safety, environment and security policies
- Future challenges and costs as markets transition to Net Zero
- Breach of Group Code of Ethics

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.

Egypt continues to be the focus of the discussions and work continues to identify potential known and emerging threats and opportunities which could impact on Capricorn's ability to grow the Egypt business both organically and inorganically.

Financial Review

Key production statistics

	Year ended 31 December 2023	Year ended 31 December 2022
Production – net WI share (boepd)	**30,044**	34,228
Sales volumes – net EI oil (boepd)	**5,367**	5,028
Sales volume – net EI gas (mscfd)	**38,049**	44,468
Average price per bbl ($)	**81.2**	98.8
Revenue from production ($m)	**199.9**	228.9
Average production costs per boe ($)	**5.4**	5.7

Loss for the Period

	Year ended 31 December 2023 $m	Year ended 31 December 2022 (restated) $m
Loss from Egypt business operating segment	**(60.4)**	(41.2)
Loss from other Group continuing operations	**(82.2)**	(135.2)
Loss/(Profit) from discontinued operations	**(1.4)**	109.3
Loss after taxation	**(144.0)**	(67.1)

Change in Accounting Policy – Intangible exploration/appraisal assets

Following completion of the Group's strategic review in 2023, Capricorn has changed its policy for accounting for non-well specific general exploration costs. Previously such costs were capitalised and allocated to future exploration wells and would either remain capitalised or be charged to the Income Statement dependent upon the success of the well. Now, all non-well specific exploration costs are charged to the Income Statements as they are incurred.

The directors believe that this policy provides a clearer understanding of the performance of the Group in any given period as Capricorn moves from an exploration-led business to one focused on maximising value from its producing assets.

Egypt Business Operating Segment Results

In Egypt, total revenue was $199.9m. $159.1m was generated on sale of liquids with an average price of $81.2 per bbl on net entitlement volumes of 1,959,000 bbls. Gas revenue was $40.8m from volumes of 13,887,800 mscf at the contracted rate of $2.9 per mscf.

Cost of sales in the year were $59.6m, including inventory movements. Production costs decreased slightly to $5.4 per boe, on a working interest production over the year, while depletion charges were $120.4m, at a weighted average rate of $22.8 per boe across the concessions. Expected credit loss adjustments for the year were $9.0m, reflecting the increased ageing of trade receivables in Egypt.

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 period, the value of this income and notional tax gross-up is $54.1m.

At the year end, the Egypt assets were tested for impairment, with impairment recorded on producing assets of $29.1m and goodwill of $14.6m. Related deferred tax credits were $6.6m. Further details are provided below.

A fair value loss of $8.0m on the mark-to-market valuation of deferred consideration due relating to the 2021 business combination was recorded in the year. Capricorn, with our partner Cheiron, are in discussions with the seller regarding settlement of the $25.0m due in 2024 and one further payment of up to $25.0m is due in 2025.

Net finance costs in Egypt of $17.3m, includes loan interest and charges and the total tax charge on Egypt operations for the year is $40.5m, being the tax gross-up charge of $54.1m offset by deferred tax credits on asset temporary differences.

Results from Other Continuing operations

The loss on other continuing operations of $81.8m includes unsuccessful exploration costs of $17.9m and general exploration costs of $16.2m. $26.3m of this cost related to operations in Mexico where the Group concluded its exploration programme, in early 2023, with the drilling of the Yatzil well. General exploration costs also include costs in Mauritania, Suriname and the UK as the Group moved away from its previous focus on international exploration.

Net finance income of $13.8m includes interest earned on cash and cash equivalents of $19.9m offset by finance charges and foreign exchange losses of $6.1m.

Capricorn recorded a $4.0m impairment on assets held-for-sale relating to an investment held in India.

Discontinued Operations

Settlement of earnout consideration due on disposal of UK Producing assets

Following the settlement agreement with Waldorf, Capricorn received an immediate payment of $48.0m with a further $2.0m due in April 2024, matching the ~$50m that was due for 2023 production. Capricorn will further receive $22.5m in January 2025 and Waldorf's 25% WI in the Columbus gas field in the UK North Sea (subject to completion). Adding the fair value of Columbus brings total consideration to $79.5m before expected credit loss adjustments. The transaction recorded a loss of $1.7m compared to the fair value of the remaining earnout at the date of the transaction but brings certainty to the further receivables due, as well as continuing the Group's operating activities in the UK.

Prior to the settlement of the earnout, Capricorn recorded a year-to-date fair value loss of $10.4m on mark-to-market valuations of the remaining consideration due, bringing total losses in the year to $12.1m. This was offset by interest income of $2.3m on the 2022 earnout payment received in March 2023, a refund of past production costs of $4.3m from joint venture audit settlements and a deferred tax credit of $4.1m, with consideration from the settlement of the earnout now expected to be sheltered in full by available tax losses. This resulted in a net loss from discontinued operations of $1.4m over the year.

Across all segments, gross administration charges were $74.9m, including $16.5m of redundancy costs following the reduction in Group headcount, $6.7m of depreciation and amortisation expenses, with a further $6.9m of costs relating to the aborted transaction costs. Net administration costs reduce to $61.9m after recharges and recoveries.

Contingent consideration on Senegal asset sale

Capricorn disposed of its interests in Senegal in 2020. Under the sale agreement, Capricorn is due further consideration of up to $50m based on the first oil date falling before 30 June 2024 and the prevailing oil price. No revenue or asset has been recognised for this possible income.

Senegal tax assessment

As previously noted, a payment demand for Senegal taxes and duties was received by Woodside in March 2024, including ~$45m with respect to the Group's disposal of its interests in 2021. Capricorn believes that neither claim is valid and is working with Woodside to defend the Group's position. No provision has been made in the financial statements at the year end.

Net cash inflow for the Year

	$m
Opening net cash as at 1 January 2023	**596.9**
Shareholder returns - Dividends and share re-purchase	(561.0)
Net cash inflow from UK North Sea settlements	189.0
Net cash inflow from Egypt operations	32.3
Exploration expenditure - Egypt	(12.2)
Exploration expenditure – other legacy assets	(31.1)
Development expenditure – Egypt	(44.2)
Deferred consideration – Egypt	(25.0)
Pre-award costs and business development [1]	(6.1)
Administration expenses, corporate assets, and office lease costs	(47.9)
Net finance costs, equity and other movements	(14.8)
Closing net cash as at 31 December 2023	**75.9**

[1] Cash outflows on business development of $5.1m not relating to pre-award activities are reallocated from administration costs

Cash and cash equivalent balances at 31 December 2023 of $189.5m were offset by borrowings in Egypt of $113.6m. Cash held inside of Egypt was $6.0m, while the net debt of the Egypt business was $105.8m, including a prepaid facility fee of $1.8m. Capricorn has 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 guarantees. Loan facilities are non-recourse to the Group's non-Egypt assets.

At the date of approval of the financial statements, Capricorn, together with Cheiron, is seeking waivers from lenders for several potential events of default under the facilities, all related to a lack of a payment plan from EGPC to resolve the receivables position.

Restricted cash balances of $5.0m and $5.6m exist in the UK and Egypt respectively. Egypt restricted cash may be used to fund non-operated concessions in Egypt.
Loan repayments in the year were $48.3m. The facilities are subject to biannual redetermination processes, with the September 2023 redetermination resulting in an additional payment of $2.9m made early 2024.

Cash inflows from operations in Egypt of $32.3m can be reconciled to cash flows from operations per the statutory cash flow as follows:

	$m
Operating cash flow per statutory cash flow statement	**(39.9)**
Non-GAAP Adjustments:	
Discontinued operations – working capital settlements	(4.3)
Pre-award and new venture costs reallocated	6.1
General exploration costs	26.9
Administration expenses	45.9
Other adjustments	(2.4)
Net cash outflow from operations	**32.3**

Balance Sheet

The Group’s net asset position at 31 December 2023 is summarised as follows:

	$m
Exploration assets - Egypt	2.5
Development assets - Egypt	217.6
Other long-term assets (excluding deferred tax assets)	52.9
Working capital – non-Egypt	177.2
Cash and cash equivalents	183.5
Trade and other receivables and payables, and provisions	(6.3)
Working capital – Egypt	7.3
Trade and other receivables and payables, and inventory	113.1
Net debt, including unamortised facility fees	(105.8)
Asset held-for-sale	3.2
Lease liabilities	(7.4)
Deferred consideration on business combination	(44.8)
Net deferred tax liabilities	(2.0)
Net assets	**406.5**

Exploration assets

Following the change in accounting policy, exploration assets of $2.5m at 31 December 2023 relate wholly to planned exploration wells in Egypt.

Development assets and goodwill

Capricorn has not approved any further drilling activity in Egypt and will not do so until a payment plan has been agreed with EGPC. There are currently no active rigs drilling on the Company’s jointly held concessions, down from a maximum of six during 2023.

This cessation of drilling operations has led to a downgrade of booked 2P reserves at the year end, which is in turn an indicator that the Group’s assets may be subject to impairment. Subsequent impairment tests performed indicated a net impairment of $22.5m across two concession areas in Egypt, and after adjusting for deferred tax credits, resulted in a headline impairment charge of $29.1m against producing assets. Impairment tests conducted on goodwill allocated to the Egypt business unit resulted in a further impairment charge of $14.6m.

The impairment tests performed compare the carrying value of the Group’s assets against their recoverable value based on net present value model based on future production profiles. Capricorn’s base-case assumes that a payment plan will be agreed and operations will commence with a three-rig campaign mid-year 2024, with an increase in collections commencing January 2025. Other key assumptions include a payment plan that settles revenue six months from production, a long-term oil price of $65 flat, a discount rate of 15% and a voluntary cost of carbon based on the appropriate IEA scenario. Any degradation in these assumptions could lead to further impairment charges, and sensitivity analysis is included in note 2.8 to the financial statements, showing the impact of changes to these assumptions.

Post impairment, the carrying value of the Group's development/producing assets in Egypt is $217.6m and with remaining goodwill of $10.8m.

Other long-term assets

Non-oil and gas property, plant and equipment and intangible assets at the year end totalled $14.5m include $6.8m relating to unamortised carbon credits and $6.8m of right-of-use assets, During the year the Company took possession of two floors office space in Edinburgh previously proposed for new head office space. Following the strategic review, this move was cancelled, and the lease for one floor was cancelled in 2023 with the other sublet in early 2024.

Other long-term receivables include the $22.5m due from Waldorf in 2025, adjusted for expected credit losses as required under IFRS.

Working capital

Working capital outside of Egypt includes residual balances from the Group's previous international exploration activities together with funding of corporate activities

Egypt trade receivables at the year end were $168.7m, an increase of $71.9m across the period. $143.1m of this amount was overdue. Capricorn continues to engage with EGPC and Ministry of Petroleum & Mineral Resources in Egypt to address the receivables position.

Net working capital liabilities across the Egypt concessions were $66.3m. This includes additional creditors and accruals of $26.8m which were adjusted by way of a prior year restatement in the Group balance sheet. In 2022, Capricorn processed an opening cost adjustment of $29.2m reducing joint venture credits and development/producing assets relating to accruals that could not be supported by the Joint Venture billings statements received from the operator. After further investigation following access to the Bapetco source accounting records, Capricorn concluded that these balances should have remained on the balance sheet and had been reversed in error in the prior year. This prior year restatement also leads to a change in the 2022 depletion charge.

Equity movements

Shareholder returns and share premium cancellation

Across 2023 Capricorn returned $560m to shareholders by way of dividends of $541.1m and $18.9m share re-purchase. Ahead of the two dividends, the Group converted $450m and $100m respectively into £, fixing the returns in pence per share. Exchange rate movements from the date of conversion to the date of settlement resulted in the total $ equivalent of dividend payments of $541m recorded in the financial statements. The Company undertook two share consolidations at the same time as paying the dividends. A share premium cancellation in advance of the returns completed in January 2023.

Capricorn Energy PLC

Group Income Statement

For the year ended 31 December 2023

	Note	2023 $m	2022 (restated) $m
Continuing operations			
Revenue	2.1	**201.0**	229.6
Other income	2.1	**54.1**	54.8
Cost of sales	2.1	**(59.6)**	(71.2)
Depletion charge	2.3	**(120.4)**	(131.3)
Gross profit		**75.1**	81.9
General exploration costs		**(26.9)**	(48.7)
Unsuccessful exploration well costs	2.2	**(20.5)**	(57.8)
Impairment of property, plant & equipment – development/producing assets	2.3	**(29.1)**	(42.6)
Impairment of goodwill	2.4	**(14.6)**	–
Expected credit loss adjustment on revenue receivable		**(9.0)**	–
Pre-award costs		**(1.1)**	(9.2)
Other operating income		**0.6**	5.8
Administrative and other expenses	4.2	**(61.9)**	(65.0)
Operating loss		**(87.4)**	(135.6)
Fair value loss – deferred consideration on business combinations	3.4	**(8.0)**	(12.7)
Gain on financial assets at fair value through profit or loss		**0.8**	2.3
Impairment of an asset held-for-sale		**(4.0)**	–
Finance income	4.3	**21.8**	15.7
Finance costs	4.4	**(25.3)**	(18.2)
Loss before tax from continuing operations		**(102.1)**	(148.5)
Taxation			
Tax charge	5.1	**(40.5)**	(27.9)
Loss from continuing operations		**(142.6)**	(176.4)
(Loss)/Profit from discontinued operations	6.1	**(1.4)**	109.3
Loss for the year attributable to equity holders of the Parent		**(144.0)**	(67.1)
Loss per share for loss from continuing operations:			
Loss per ordinary share – basic and diluted ($)	4.5	**(0.74)**	(0.49)
Loss per share for loss attributable to equity holders of the Parent:			
Loss per ordinary share – basic diluted ($)	4.5	**(0.75)**	(0.19)

Group Statement of Comprehensive Income

For the year ended 31 December 2023

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

Capricorn Energy PLC

Group Balance Sheet

As at 31 December 2023

	Note	2023 $m	2022 (restated) $m
Non-current assets			
Intangible exploration/appraisal assets	2.2	**2.5**	1.0
Property, plant & equipment – development/producing assets	2.3	**217.6**	275.8
Goodwill	2.4	**10.8**	25.4
Other property, plant & equipment and intangible assets		**14.5**	14.1
Other long-term receivables		**27.6**	–
Financial assets at fair value through profit or loss	3.4	**–**	96.2
Deferred tax asset	5.2	**7.6**	8.7
		280.6	421.2
Current assets			
Cash and cash equivalents	3.1	**189.5**	756.8
Inventory		**8.3**	8.1
Trade and other receivables	3.3	**186.0**	142.5
Financial assets at fair value through profit or loss	3.4	**–**	134.4
		383.8	1,041.8
Asset held-for-sale		**3.2**	–
Total assets		**667.6**	1,463.0
Current liabilities			
Loans and borrowings	3.2	**15.4**	25.4
Lease liabilities		**1.0**	1.9
Deferred consideration on business combinations	3.4	**25.0**	25.0
Trade and other payables	3.5	**82.0**	84.9
		123.4	137.2
Non-current liabilities			
Loans and borrowings	3.2	**96.4**	133.2
Lease liabilities		**6.4**	2.4
Provisions – well abandonment		**5.5**	3.4
Deferred consideration on business combinations	3.4	**19.8**	36.8
Deferred tax liabilities	5.2	**9.6**	28.4
		137.7	204.2
Total liabilities		**261.1**	341.4
Net assets		**406.5**	1,121.6
Equity attributable to equity holders of the Parent			
Called-up share capital		**7.6**	8.0
Share premium		**0.8**	495.4
Shares held by ESOP/SIP Trusts		**(6.3)**	(15.3)
Foreign currency translation		**(85.7)**	(90.8)
Merger and capital reserves		**45.9**	45.5
Retained earnings		**444.2**	678.8
Total equity		**406.5**	1,121.6

Capricorn Energy PLC

Group Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 $m	2022 (restated) $m
Cash flows from operating activities:			
Loss before tax from continuing operations		**(102.1)**	(148.5)
(Loss)/Profit before tax from discontinued operations	6.1	**(5.5)**	113.4
Loss before tax including discontinued operations		**(107.6)**	(35.1)
Adjustments for non-cash income and expense and non-operating cash flows:			
Other income – tax entitlement volumes		**(54.1)**	(54.8)
Unsuccessful exploration well costs		**20.5**	57.8
Depreciation, depletion and amortisation		**127.1**	137.1
Impairment of goodwill		**14.6**	–
Impairment of property, plant & equipment – development/producing assets		**29.1**	42.6
Expected credit loss adjustment on revenue receivable		**9.0**	–
Share-based payments charge		**2.5**	10.5
Fair value loss – deferred consideration on business combinations		**8.0**	12.7
Gain on financial assets at fair value through profit or loss – continuing operations		**(0.8)**	
Loss/(Gain) on financial assets at fair value through profit or loss – discontinued operations		**10.4**	(112.7)
Impairment of an asset held-for-sale		**4.0**	–
Loss on disposal of a financial asset – discontinued operations		**1.7**	–
Finance income		**(21.8)**	(15.7)
Finance costs		**25.3**	18.2
Adjustments to operating cash flows for movements in current assets and liabilities:			
Inventory movement		**(0.2)**	2.7
Trade and other receivables movement	3.3	**(69.0)**	(38.7)
Trade and other payables movement	3.5	**(38.6)**	(9.8)
Net cash flows (used in)/from operating activities		**(39.9)**	14.8
Cash flows from investing activities:			
Exceptional income – India tax refund		**–**	1,056.0
Expenditure on intangible exploration/appraisal assets		**(16.4)**	(46.2)
Expenditure on property, plant & equipment – development/producing assets		**(44.2)**	(62.2)
Expenditure on other property, plant & equipment and intangible assets		**(0.3)**	(11.7)
Deferred consideration received – discontinued operations		**182.4**	75.7
Consideration paid for assets acquired through business combination		**–**	(3.2)
Deferred consideration paid on business combination		**(25.0)**	(20.9)
Proceeds on disposal of financial assets		**–**	12.8
Tax paid on investing activities		**–**	(0.2)
Interest received and other finance income		**24.3**	12.5
Net cash flows from investing activities		**120.8**	1,012.6
Cash flows from financing activities:			
Repayment of borrowings	3.2	**(48.3)**	(21.5)
Lease payments		**(2.2)**	(2.5)
Dividends paid	7.1	**(542.1)**	–
Share repurchase		**(18.9)**	(528.6)
Other interest and charges		**(16.0)**	(11.7)
Proceeds from issue of shares		**0.8**	4.5
Cost of shares purchased		**(19.5)**	(19.8)
Net cash flows used in financing activities		**(646.2)**	(579.6)
Net (decrease)/increase in cash and cash equivalents		**(565.3)**	447.8
Opening cash and cash equivalents at beginning of year		**756.8**	314.1
Foreign exchange differences		**(2.0)**	(5.1)
Closing cash and cash equivalents	3.1	**189.5**	756.8

Capricorn Energy PLC

Group Statement of Changes in Equity

For the year ended 31 December 2023

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

Section 1 – Basis of Preparation

1.1 Significant Accounting Policies

a) Basis of preparation

The consolidated Financial Statements of Capricorn Energy PLC (‘Capricorn’ or ‘the Group’) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 27 March 2024. Capricorn is a limited company incorporated and domiciled in the United Kingdom whose shares are publicly traded. The registered office is located at 50 Lothian Road, Edinburgh, Scotland, EH3 9BY. The registered company number is SC226712.

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

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

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

b) Accounting standards

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

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

c) Annual report and accounts

Full accounts are due to be made available on the Company’s website in April 2024 and will be available at the Company’s registered office, 50 Lothian Road, Edinburgh, EH3 9BY. The Annual General Meeting is due to be held on Thursday 23 May 2024 at 11am.

1.2 Going Concern

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

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

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

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

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

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

Section 1 – Basis of Preparation (continued)

1.3 Restatement of Comparative Information

Accounting Policy Change

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

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

Adjustments recognised on adoption from successful efforts-based to a pure successful efforts-based costs policy. A reconciliation of the change to intangible exploration/appraisal assets is as follows:

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

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

Section 1 – Basis of Preparation (continued)

1.3 Restatement of Comparative Information (continued)

Prior Year Restatement

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

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

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

1.3.1 Group Income Statement Accounting Policy Changes and Prior Year Restatement

For the year ended 31 December 2023:

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

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

For the year ended 31 December 2022:

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

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

Section 1 – Basis of Preparation (continued)

1.3 Restatement of Comparative Information (continued)

1.3.2 Group Balance Sheet Accounting Policy Change and Prior Year Restatement

As at 31 December 2023:

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

As at 31 December 2022:

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

Section 1 – Basis of Preparation (continued)

1.3 Restatement of Comparative Information (continued)

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

For the year ended 31 December 2023:

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

As at 31 December 2022:

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

Section 2 – Oil and Gas Assets and Operations

2.1 Gross Profit: Revenue and Cost of Sales

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

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

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

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

Section 2 – Oil and Gas Assets and Operations (continued)

2.2 Intangible Exploration/Appraisal Assets

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

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

Additions to intangible exploration/appraisal assets were funded through cash and working capital.

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

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

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

2.3 Property, Plant & Equipment – Development/Producing Assets

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

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

Additions have been funded through cash and working capital.

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

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

2.4 Goodwill

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

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

Section 3 – Working Capital, Financial Instruments and Long-term Liabilities

3.1 Cash and Cash Equivalents

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

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

3.2 Loans and Borrowings

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

Capricorn Egypt Debt Facilities

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

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

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Section 3 – Working Capital, Financial Instruments and Long-term Liabilities (continued)

3.3 Trade and Other receivables

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

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

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

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

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

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

Section 3 – Working Capital, Financial Instruments and Long-term Liabilities (continued)

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

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

Financial assets at fair value through profit or loss – Earnout consideration
On 18 December 2023, Capricorn reached a settlement agreement with Waldorf Petroleum whereby all future earnout consideration due to Capricorn was settled by an immediate payment of $48.0m, a further $2.0m to be received on 1 April 2024, $22.5m to be received on 3 January 2025 and the transfer of Waldorf's 25% WI share in the Columbus producing asset in the UK North Sea to Capricorn. The transfer of Columbus is subject to approval from the NSTA. The settlement agreement provides for an additional payment of $7.0m should the necessary approvals not be received. There is therefore no financial asset at fair value through profit to loss in relation to the earnout consideration at 31 December 2023. Details of the loss on disposal of the financial assets can be found in note 6.1.

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

Financial assets at fair value through profit or loss – Listed equity investments
In 2021, Capricorn invested $6.9m into a non-listed trust in India and with a minimum investment period of five years, this is recorded as a non-current financial asset and measured at fair value. In 2023, the Group entered into an agreement to release Capricorn from the minimum investment period and dispose of its investment for $3.2m and the asset is now reclassified as an asset held-for-sale at the balance sheet date, after testing for impairment.

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

Financial liabilities	**At 31 December 2023 $m**	At 31 December 2022 $m
Non-current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	**(19.8)**	(49.1)
	(19.8)	(49.1)
Current liabilities		
Financial liabilities at fair value through profit or loss – deferred consideration on business combination	**(25.0)**	(25.0)
	(25.0)	(25.0)

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

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

Section 3 – Working Capital, Financial Instruments and Long-term Liabilities (continued)

3.5 Trade and Other Payables

	At 31 December 2023 $m	At 31 December 2022 (restated) $m
Trade payables	**0.3**	1.5
Other taxation and social security	**0.5**	1.9
Accruals and other payables	**7.9**	21.6
Joint operation payables	**73.3**	30.7
	82.0	55.7

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

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

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

Section 4 – Income Statement Analysis

4.1 Segmental Analysis

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

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

Revenue in the Egypt segment contains revenue generated from eight concessions in the Western Desert, onshore The Arab Republic of Egypt. 93.5% ($183.0m) 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)

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

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

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

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

Section 4 – Income Statement Analysis (continued)

4.2 Administrative and Other Expenses

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

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

4.3 Finance Income

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

4.4 Finance Costs

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

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

4.5 Loss per Ordinary Share

Basic and diluted loss per share are calculated using the following measures of loss:	**Year ended 31 December 2023 $m**	Year ended 31 December 2022 (restated) $m
Loss and diluted loss after taxation from continuing operations	**(142.6)**	(176.4)
Loss and diluted loss attributable to equity holders of the Parent	**(144.0)**	(67.1)

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

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

Section 5 – Taxation

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

Analysis of tax charge on Loss for the year

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

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

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

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

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

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

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

Section 5 – Taxation (continued)

5.2 Deferred Tax Assets and Liabilities

Reconciliation of Movement in Deferred Tax Assets/(Liabilities):

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

Deferred tax assets analysed by country:

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

Deferred tax liabilities analysed by country:

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

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

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

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

Section 5 – Taxation (continued)

5.2 Deferred Tax Assets and Liabilities (continued)

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

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

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

Section 6 – Discontinued Operations

6.1 (Loss)/Profit from Discontinued Operations

Settlement of earnout consideration due
On 2 November 2021, Capricorn completed the sale of its interests in the UK Catcher and Kraken producing assets to Waldorf Production Limited (“Waldorf”).

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

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

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

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

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

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

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

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

Section 6 – Discontinued Operations (continued)

6.2 Cash Flow Information for Discontinued Operations

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

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

6.3 Discontinued Operations – Senegal Contingent Asset

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

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

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

6.4 Discontinued Operations – Senegal Contingent Liability

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

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

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

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

Glossary

bbl – Barrel of oil
BED – Badr El Din concession
boe – Barrels of oil equivalent
boepd – Barrels of oil equivalent per day
bopd – Barrels of oil per day
EI – Net entitlement interest
GAAP – Generally accepted accounting principles
G&A – General and administrative expenses
m – Million
mmboed – Millions of barrels of oil equivalent
mmscf – Million standard cubic feet
$ – US dollar
WI – Working Interest