Audited results for the year ended 31 December 2022

28 February 2023

Reliable energy,
limitless potential

Lagos and London, 28 February 2023: Seplat Energy Plc ("Seplat Energy" or "the Company"), a leading Nigerian independent energy company listed on the Nigerian Exchange Limited and the London Stock Exchange, announces its audited results for the full year ended 31 December 2022.

Special Dividend

- Board recommends special dividend of US5.0 cents per share in addition to final dividend of US2.5 cents per share

Operational highlights

- Working interest production averaged 44 kboepd, impacted by outages of key infrastructure predominantly in Q3
- Use of Amukpe-Escravos Pipeline (AEP) enables high uptime in December, exit rate of 53 kboepd
- Completed 13 wells including two wells for the ANOH gas processing plant
- ANOH Gas Processing Plant 95% mechanically complete, awaiting third-party infrastructure completion
- Safety culture maintained, one LTI recorded in October, LTIF for the full year is 0.12

Financial highlights

- Revenues of $951.8 million, up 29.8%
- Adjusted EBITDA $416.9 million, up 12.1%
- Strong full year cash generation of $571.2million against capex of $163.3million and $140.3million transaction deposits
- Strong balance sheet with $404.3 million cash at bank, net debt of $365.9 million
- Full year production cost of $10.3/boe
- 2022 Ubima divestment receipts were $18.6 million out of $55.0 million (additional $0.9million received in Jan 2023)

Corporate updates

- Continue to pursue approvals for acquisition of entire share capital of MPNU
- Finalised New Energy investment plan, identified near term opportunities for consideration and FID late 2023
- Commenced implementation of roadmap to achieving net zero by 2050
- Provisional applications for voluntary conversion of operated Oil Mining Leases under Petroleum Industry Act
- Work on-going to spin out Midstream Gas business in line with PIA provisions
- First Climate Risk and Resilience Report to be published at end of March 2023 under TCFD guidelines
- Carbon intensity of production figure published: 23.9Kg/boe

Outlook for 2023

- Full year production guidance of 45-55 kboepd (excluding ANOH), capex expected to be $160 million
- Increased use of AEP will improve revenue assurance
- Sibiri appraisal wells indicating results on high side of initial Oil In-Place estimates, FID targeted by end 2023
- ANOH first gas guidance moved to Q4 2023 owing to delays in third-party infrastructure
- MPNU: continuing to pursue a reaffirmation of the Ministerial approval received on the 8 August 2022.

Roger Brown, Chief Executive Officer, said:

"I am delighted that our strong financial performance will enable the payment of a US7.5 cent final dividend, despite the significantly disrupted production we experienced in the second half of the year. The full-year dividend of US15 cents represents a dividend yield of around 11% at the current LSE share price.

As we enter 2023, the business is in a very healthy state, with new wells coming onstream, encouraging appraisal drilling underway at Sibiri, and alternative export routes ensuring good export performance in January and February this year. Our gas business continues to develop, with first gas expected from ANOH in Q4 this year, and we are now in the process of separating our Midstream Gas business from the Upstream unit to unlock new value for shareholders.

We are continuing to pursue the Presidential approval received on the 8 August 2022 for the MPNU acquisition and we remain focused on concluding the transaction within the remaining term of President Buhari before a new president is sworn into office at the end of May 2023.

We are implementing our roadmap to net zero and have made encouraging progress with a 35% reduction in emission intensity last year. The major reduction in carbon emissions is routine flaring which we are on target to eliminate by the end of 2024. Alongside these efforts, and as part of our stated strategy to become Nigeria's energy champion across the entire value chain, we are planning to invest in gas-to-power and solar power projects with FID targeted for later this year if the projected returns meet our internal hurdle rates.

We are confident in our outlook for 2023, with the new Amukpe-Escravos Pipeline working well, our drilling cost reductions and efficiencies being delivered, and ANOH's first gas expected in Q4 once 3rd party infrastructure is completed, our business is on a firm footing to facilitate significant growth and higher returns for stakeholders."

Summary of performance

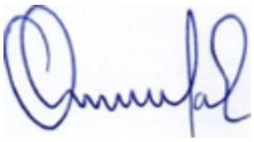
	$ million			₦ billion	
	FY 2022	FY 2021	% change	FY 2022	FY 2021
Total dividend including Special	US15 cents	US10 cents	50%		
Revenue	951.8	733.2	29.8%	403.9	293.6
Gross profit	464.7	285.2	63.0%	197.2	114.2
Impairment of assets *	(6.4)	36.6	nm	2.7	14.6
EBITDA **	416.9	371.8	12.1%	175.6	146.8
Operating profit (loss)	274.7	250.7	9.6%	116.6	100.4
Profit (loss) before tax	204.4	177.3	15.3%	86.7	71.0
Cash generated from operations	571.2	376.8	51.6%	242.4	150.9
Working interest production (boepd)	44,104	47,693	(7.5%)		
Total crude oil lifted (MMbbls)	8.3	8.9	(6.8%)		
Average realised oil price ($/bbl)	101.67	70.54	44.1%		
Average realised gas price ($/Mscf)	2.82	2.85	(1.1%)		
LTIF	0.12	0			
CO_2 emissions intensity from operated assets, kg/boe	23.9	36.6	(34.7%)		

* FY 2021 includes reversal of $74.7m impairment charge under IAS 36
** Adjusted for impairment, fair value loss and decommissioning

Responsibility for publication

The Board member responsible for arranging the release of this announcement on behalf of Seplat Energy is Emeka Onwuka, CFO Seplat Energy Plc.

Signed:



Emeka Onwuka

Chief Financial Officer

Important notice

The information contained within this announcement is unaudited and deemed by the Company to constitute inside information as stipulated under Market Abuse Regulations. Upon the publication of this announcement via Regulatory Information Services, this inside information is now considered to be in the public domain.

Certain statements included in these results contain forward-looking information concerning Seplat Energy’s strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors, or markets in which Seplat Energy operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances and relate to events of which not all are within Seplat Energy’s control or can be predicted by Seplat Energy. Although Seplat Energy believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. Actual results and market conditions could differ materially from those set out in the forward-looking statements. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Seplat Energy or any other entity and must not be relied upon in any way in connection with any investment decision. Seplat Energy undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Investor call

At 09:00 GMT / 10.00 WAT on Tuesday 28 February 2023, the Executive Management team will host a conference call and webcast to present the Company's results.

The presentation can be accessed remotely via a live webcast link and pre-registering details are below. After the meeting, the webcast recording will be made available and access details of this recording are also set out below.

A copy of the presentation will be made available on the day of results on the Company's website at https://seplatenergy.com/ .

Event title:	Seplat Energy Plc: Full year results
Event date	9:00am (London) 10:00am (Lagos) Tuesday 28 February 2023
Webcast Live Event Link	https://secure.emincote.com/client/seplat/seplat016
Conference call and pre-register Link:	https://secure.emincote.com/client/seplat/seplat016/vip_connect
Archive Link:	https://secure.emincote.com/client/seplat/seplat012

The Company requests that participants dial in 10 minutes ahead of the call. When dialling in, please follow the instructions that will be emailed to you following your registration.

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About Seplat Energy

Seplat Energy PLC (Seplat) is Nigeria's leading indigenous energy company. Listed on the Nigerian Exchange Limited (NGX: SEPLAT) and the Main Market of the London Stock Exchange (LSE: SEPL), we are pursuing a Nigeria-focused growth strategy in oil and gas, as well as developing a Power & New Energy business to lead Nigeria's energy transition.

Seplat's energy portfolio consists of seven oil and gas blocks in the prolific Niger Delta region of Nigeria, which we operate with partners including the Nigerian Government and other oil producers. We also have a revenue interest in OML 55. We operate a 465MMscfd gas processing plant at Oben, in OML4, and are building the 300MMscfd ANOH Gas Processing Plant in OML53 and a new 85MMscfd gas processing plant at Sapele in OML41, to augment our position as a leading supplier of gas to the domestic power generation market.

For further information please refer to our website, http://seplatenergy.com/

Operating review

Upstream business performance

Reserves and Resources

The Group's audited 2P reserves, as assessed independently by Ryder Scott Company, L.P., decreased by 19 MMboe from 457 MMboe at the end of 2021 to 438 MMBoe at the end of 2022. The change is mostly due to production of 9 MMbbls of liquids and 41.0 Bscf of gas (7 MMboe). The divestment of Ubima, the discovery at Sibiri, and reclassifications and revisions of previous estimates makes up the difference.

		2P reserves at 31/12/2022			2P reserves at 31/12/2021		
		Liquids	Gas	Total[3]	Liquids	Gas	Total
	Seplat %	MMbbl	Bscf	MMboe	MMbbl	Bscf	MMboe
OMLs 4, 38 & 41	45%	138	629	246	144	651	256
OPL 283	40%	4	61	15	5	68	17
OML 53	40%	39	653	152	39	660	153
OML 55	Fin. Interest	3	-	3	4	-	4
OML 40[1]	45%	22	-	22	25	-	25
Ubima[2]	82%	-	-	-	2	-	2
Total		206	1,343	438	219	1,379	457

1. Eland has a 45% working interest in OML40 until the Westport loan is fully repaid in accordance with the loan agreement, reverting to 20.25%
2. Eland had an 82% working interest in the Ubima marginal field
3. Quantities of oil equivalent are calculated using a gas-to-oil conversion factor of 5,800 scf of gas per barrel of oil equivalent.

The Group's audited 2C resources decreased by 7.3% from 75 MMboe to 70 MMBoe, comprising 43 MMbbls of oil and condensate and 159 Bscf of natural gas. The decrease in 2C gas resources (boe) is mostly due to revisions in Emebiam, Owu and Oben fields.

		2C resources at 31/12/2022			2C resources at 31/12/2021		
		Liquids[1]	Gas	Total	Liquids	Gas	Total
	Seplat %	MMbbl	Bscf	MMboe	MMbbl	Bscf	MMBoe
OMLs 4, 38 & 41	45%	31	124	52	28	162	56
OPL 283	40%	7	24	11	4	21	8
OML 53	40%	3	11	5	4	14	6
OML 40	45%	2	0	2	3	0	3
Ubima	82%	-	-	-	2	0	2
Total		43	159	70	41	197	75

Abiala has not been included in 2C resources because the farm in agreement had not been concluded at the time of closure of the reserves audit

Consequently, the Group's working interest 2P reserves and 2C resources stood at 507.5 MMboe as of 31 December 2022, comprising 248.5 MMbbls oil and condensate and 1,502.2 Bscf of natural gas (259 MMBoe).

Production

Full-year total working interest production for 2022 was 16.1 MMboe. Within this, liquids production was 9.03 MMbbls, down 26.6% year-on-year, and gas production was 7.1 MMBoe (41.0 Bscf), up 4.1% year-on-year. In addition, the Group recorded a total downtime of 37%, primarily because of problems with third-party export infrastructure.

		2022			2021		
		Liquids	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	15,422	112.3	34,791	18,243	107.9	36,844
OPL 283	40%	1,067	-	1,067	1,012	-	1,012
OML 53	40%	1,689	-	1,689	3,164	-	3,164
OML 40	45%	6,557	-	6,557	5,923	-	5,923
Ubima		-	-	-	749	-	749
Total		**24,735**	**112.3**	**44,104**	**33,714**	**107.9**	**47,693**

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station.
Gas conversion factor of 5.8 boe per scf.
Following the decision to exit from the Ubima asset in April 2022, volumes from the marginal field have not been reported in 2022
Volumes stated are subject to reconciliation and will differ from sales volumes within the period.

Working interest production by quarter

		Q1 2022			Q2 2022			Q3 2022			Q4 2022		
		Liquid	Gas	Total	Liquid	Gas	Total	Liquid	Gas	Total	Liquid	Gas	Total
	Seplat %	kbopd	MMscfd	kboepd	kbopd	MMscfd	kboepd	kbopd	MMscfd	kboepd	bopd	MMscfd	kboepd
OMLs 4, 38 & 41	45%	17.7	107.4	36.2	17.1	127.9	39.2	9.5	103.1	27.2	17.5	111.0	37.5
OML 40	45%	7.4	-	7.4	10.1		10.1	1.6	-	1.6	7.3		7.4
OML 53	40%	2.7	-	2.7	1.6		1.6	1.1	-	1.1	1.3		1.4
OPL 283	40%	1.3	-	1.3	1.5		1.5	0.3	-	0.3	1.1		1.1
Total		29.1	107.4	47.6	30.3	127.9	52.4	12.5	103.1	30.3	27.2	111.0	46.4
3rd party deferment	MMbbls			0.7			0.5			2.2			1.3

Liquids production for all assets was affected by evacuation issues during the year, particularly in Q3 on the Forcados export route, and this led to total deferred liquid volumes of 4.7 MMbbls for 2022.

For OMLs 4, 38, & 41, which rely on the Forcados route, the Forcados Terminal (FOT) was unavailable for 146 days in 2022 (including 78 consecutive days in Q3 2022). The *force majeure* declared on the Trans Forcados pipeline (TFP) and other deferments due to maintenance activities impacted crude production. The situation would have been more acute had we not successfully operationalised the Amukpe to Escravos Pipeline (AEP) in the third quarter. A total of 1.6 MMbbls or 10.1 kbopd (working interest) was exported through the AEP from July 2022, when the pipeline became operational. As expected, there was an improvement in performance from the fourth quarter, with 90% of our liquids evacuated through the AEP in December 2022, enabling an exit rate for the year of 53 kboepd across the Group.

Similarly, pipeline unavailability impacted production at OML 40. After a 39-day outage of the Forcados Oil Terminal (FOT) and Trans Escravos Pipeline (TEP) in the fourth quarter (135 days outage for the full year), production resumed, and evacuation commenced in November 2022.

For OML 53, with production of around 1,000 bopd (gross) from the Jisike field being shut-in since February 2022, we could only evacuate an average of about 3,000 bopd from Ohaji to the Waltersmith Refinery.

Divestment of Ubima marginal field

Wester Ord Oil and Gas Nigeria Ltd. (WON), a wholly owned subsidiary of the Company, agreed in Q1 2022 with the J.V. partner All Grace Energy Ltd. (AGEL) to divest WON's rights in the Ubima Marginal Field for a consideration of $55.0 million. Under the agreement, the Company has received a total of $19.5 million, with $18.6 million received in 2022 and $0.9 million received in January 2023.

As a result, Ubima's production has been removed from the Group's daily average output and WON has derecognised assets and liabilities in H1 2022, including Ubima's current reserves of approximately 2 MMbbls.

Farm-in to Abiala marginal field

Following the 2020 marginal field bid round in Nigeria, Naphta Global E&P Ltd. (Naphta) was awarded 100% equity in the Abiala marginal field carved out of OML 40 by the NUPRC. The marginal field contains 2C gross oil resources of approximately 40 MMbbls.

Elcrest (45% owned by Seplat Energy) has entered into an agreement with Naphta for a 95% equity farm-in to the Abiala marginal field, while Naphta will have a 5% carried interest. Elcrest will also assume the role of Operator and Technical & Financial Partner in the Elcrest/Naphta Joint Venture. The partners executed Heads of Agreement with a signature bonus of $12 million paid to NUPRC. The transaction represents a consolidation of the Company's strategic position on the OML 40 block. It provides an early monetisation opportunity using existing OML 40 facilities, subject to agreement with NEPL (NNPC E&P Limited, formerly NPDC), which operates the OML 40 Asset.

In developing the field, Elcrest is targeting first oil by the end of Q2 2023 and plans to focus on low-cost development with early monetisation opportunities that leverage existing contractual positions to accelerate the field's development. Seplat Energy will also explore optimising its tax position to the extent possible under the new PIA.

Drilling activities

The drilling programme for 2022 spudded thirteen wells and successfully delivered eleven wells below budgeted costs. An additional two wells (ANOH-03 & ANOH-04) were spudded by SPDC in 2022 but will not be completed until 2023 due to delays in the gas plant on-stream date.

In OML 4, 38 & 41, we spudded and delivered four wells: the Amukpe-5ST2, Oben-52, Oben-53 and Ethiope-02 wells, which are expected to produce a combined gross rate of c.5,000 bopd and c.3.1 MMscfd of gas.

In OML 53, we spudded three wells and delivered one well: the Owu-02 appraisal well was spudded and completed. The OHS-08 was completed in January 2023 and the OHS-07 expected to be completed later in Q1 2023. The expected peak production from OHS-07 and OHS-08 is c.3,500 bopd.

In OML 40, we spudded and delivered six wells: the Opuama-12, Opuama-13, Opuama-14, Opuama-15, Opuama-16 wells and Sibiri-1. The Opuama wells have commenced production, with gross combined production of approximately c.9,000 bopd.

Total expected peak production for the production wells spudded in 2022 is expected to be c.17,500 bopd of oil and c.3.1 MMscfd of gas or working interest: c.7,700 bopd and 1.4 MMscfd.

In OML 40, the Sibiri oil discovery is being appraised by two wells. The Sibiri-1 discovery well was drilled in Q1 2022 and as reported in our 2021 full-year results last year, encountered eight oil-bearing reservoirs with 353 ft of gross oil pay and 229 ft of net pay. The post discovery Oil In-Place was estimated in the range 24-34-94 million barrels.

Appraisal drilling of Sibiri-2, with the objectives of testing the eastern and south-western flanks, commenced on 30 January 2023 and reached TD on 23 February, with initial results indicating significant uplift in mid-case Oil-In-Place volumes. In the eastern flank, four oil bearing reservoirs with 68 ft of gross oil and 48 ft net pay were encountered. In the south-western flank, nine oil bearing reservoirs with an initial estimate of 292 ft of gross oil and 180 ft net pay, including two new pay zones, were encountered. These preliminary results are in line with the high side of pre-appraisal Oil In-Place evaluation. Further well data acquisition is ongoing and subsequent technical studies are required to confirm the initial results.

The extended well testing (EWT) of Sibiri-1 commenced on 21 February 2023 via a 6km flow line to the OML40 Opuama facilities. Testing and evaluation of crude properties is ongoing.

The Field Development Plan is on schedule to be completed in Q4 2023, leading to the Final Investment Decision for the full field development soon after. Development drilling is anticipated in Q1 2024 with expected peak production of 5,000-6,000 barrels of oil per day in 2024-25.

Export infrastructure diversification

We continue to pursue alternative crude oil evacuation options for production at all assets, to increase our export flexibility reduce over-reliance on any one third-party operated export system. In line with this objective, we successfully commenced evacuation through the AEP export route during the third quarter of 2022. Crude oil production from OMLs 4, 38 and 41 is now sent via the Trans Forcados Pipeline (TFP) and AEP, with significant volumes now flowing through the latter. For a third export route, we intend to establish regular exports of 10,000 bopd (gross) through the Warri Refinery jetty, from which it will be sold FOB to our off-taker at the jetty. We intend to keep this option available for the foreseeable future.

All three export routes will provide significant flexibility and ensure we have adequate redundancy in evacuation routes, significantly reducing downtime to promote higher levels of revenue assurance and profitability.

For OML 53, we have engaged with our J.V. partner NUIMS (formerly NAPIMS) and the NUPRC to operationalise an alternative evacuation option of trucking for the Jisike and Ohaji South fields in OML 53, and we will commence a pilot test when approvals are secured.

At OML 40, the partners are exploring the potential of barging operations to evacuate liquids from the Gbetiokun fields to the LEC floating storage and offloading facility (FSO) to mitigate the impact of increasing FOT/TEP unavailability.

Towards a permanent solution, the partners have begun constructing a pipeline from Gbetiokun to Adagbassa to replace the more expensive barging operation that we currently run. The 30cm x 30km pipeline will take produced crude from the Gbetiokun field in OML 40 to the Adagbassa manifold, from where the pipeline will tie into the existing 36km Opuama-Otumara export pipeline.

Midstream Gas performance

Seplat is a leading supplier of processed natural gas to the expanding Nigerian domestic market. Working interest gas volumes for the period averaged 112.3 MMscfd (2021: 107.9 MMscfd), a contribution of 44% of the Group's total production volume on a boe basis. Our gas business was affected by the outages on the TFP because of the limited liquid handling capacity for condensate produced alongside the gas.

Gas contracts and pricing

During the period, we signed short-term gas sales agreements (GSAs) with three new customers, for a combined offtake of 86 MMscfd. As a result, Seplat now has a total of eight GSAs for the supply of 396 MMscfd of gas.

In addition, we concluded price renegotiation with customers during the second quarter, and following the DGDO gas pricing revision in August 2021, the average gas price achieved was $2.82/Mscf (2021: $2.85/Mscf), which is weighted against volumes supplied to each customer in the periodThe gas sold under the new GSAs (mentioned above) at more favourable terms offset the impact of the lower gas prices realised at the first half of the year.

Midstream Gas business separation from Upstream

The decision to convert to the PIA regime considered the implications for our Midstream Gas business. In line with the provisions of the PIA, we believe the Midstream gas business could achieve a higher value when operated as a separate, standalone unit, independent of our Upstream business. This will unlock new value for the Company and increase returns for stakeholders. An implementation roadmap for the spin-out opportunity has been developed and the process is expected to take 12 to 18 months, subject to regulatory approval and stakeholder engagement.

Additional third-party volumes

We are focused on developing third-party gas resource opportunities that can utilise the remaining processing capacity at Oben. Securing additional volumes from counterparties will secure long-term supplies of raw natural gas from which we can maximise the plant's utilisation and generate tolling revenues. We progressed discussions with targeted third-party gas producers during the year and are finalising contracting to facilitate a tripartite gas development workshop with three producers.

ANOH Gas Processing Plant

To date, the IJV (AGPC) has achieved 95% overall mechanical project completion at the gas plant site, and we expect the plant to be mechanically complete in Q2 2023. Our government partner, NGIC, is delivering the pipelines that will take the gas from ANOH to the demand centres, namely the 23km spur line and the Obiafu-Obrikom-Oben (OB3) pipeline.

The OB3 pipeline has been affected by the collapsing of the HDD wall in a section of the river crossing. Experts from the UK have been brought in to ‘grout’ the section and grouting will commence in March with the drilling and pipe installation to commence thereafter. NGIC has confirmed that they expect the pipeline to be complete before the end of Q2 2023.

Line pipes for the 23km spur line are in country and project completion is almost 70%, with the revised completion date communicated by NGIC as 30 June 2023.

Despite estimated completion for the pipeline infrastructure being Q2 2023, we have further risked the completion dates and have moved the first gas to the final quarter of 2023. Once completed, ANOH will deliver two income streams for Seplat Energy: from OML 53’s wet gas sales to the plant, and from dividends returned to Seplat Energy from the joint venture ANOH Gas Processing Company, which will operate the plant.

The upstream development, including the drilling of six production wells, will be delivered by the upstream unit operator SPDC. We expect the drilling of ANOH-03 and ANOH-04 by SPDC to be completed in Q2 2023.

Sapele Gas Plant

Work continues on the new Sapele Gas Plant, with project progress at 60%. Upon completion, the processing capacity will be 85 MMscfd. The upgraded facility will produce gas that meets export specifications, and the LPG processing unit module will enhance the economics of the plant and reduce routine gas flaring. During this period, we accelerated the installation of A.G. Compressors to reach mechanical completion, and we have commenced commissioning activities to meet our target to end routine flares by the end of 2024.

New Energy business

At our Capital Markets Day in 2021, we announced our intention to invest in opportunities that will capture more value across the entire energy value chain, including renewable energy generation, on a medium to large scale.

We have completed evaluation studies and finalised a ten-year integrated Gas and New Energy Investment Plan. Near-term opportunities we have identified in gas-to-power and solar energy will be subject to technical and business evaluation assessments, environment and social impact assessments, and project licensing, and we expect to move to FID before the end of 2023. The key investment opportunities being considered include selective entry to off-grid power generation using gas-fired generation integrated with solar. Natural gas will be the mainstay of our energy transition programme and this in turn will ensure the sustainability and financial viability of the renewables program. We are also pursuing carbon offset possibilities on a wide range of emission reduction activities in various global carbon markets. The identified opportunities have considered advancement in technology, availability of resources within Nigeria and feasibility of execution.

Sustainability initiatives

First TCFD Report

Alongside our 2022 Annual Report we will publish a separate Sustainability Report and our first Climate Risk and Resilience Report, which will include the disclosures recommended by the Task Force on Climate-related Financial Disclosures (TCFD). These reports will describe our commitment to the environment and our approach to managing climate risk and represent disclosure of initiatives within our corporate strategy to *Build a sustainable busine*ss and *Deliver energy transition*. In addition, the Corporate Scorecard for 2022 is tied to climate-related and other sustainability KPIs, which are expressly linked to executive pay. ESG accounts for 15% of KPIs in 2022, and safety 10%.

HSE performance

Safe and responsible operations are critical to the delivery of Seplat Energy's strategy. Staff and contractors completed a total of 8.6 million hours in the period, and there were 93 HSE incidents in total, compared to 88 in 2021.

After achieving 31 million hours with zero LTI recorded over the last four years, a non-operating incident was recorded in October when a third-party contractor fractured his right leg while crossing the road during a community awareness campaign. The contributing factors to the incident were determined, and lessons learned have been adopted to prevent such accidents and expand the scope of safety beyond our operations.

During 2022 we updated our environmental policy and EMS manual in line with the ISO 14001 standard, as well as relevant local, national, and international regulations, and industry best practice.

Despite an increase in the number of Tier 2 incidents from three to five (>0.75bbl or equivalent to 1kg) because of sabotage to facilitate theft from the pipelines, the volume of operational oil spills decreased by 50% in 2022, and all spills were remediated with limited environmental impact. Throughout our activities, we took proactive measures to protect biodiversity and groundwater, and zero groundwater contamination was maintained.

During an internal process review, it was discovered that data pertaining to emissions sources contained discrepancies caused by an inadequate accounting system. Therefore, we launched a new GHG Emissions Accounting System and recalculated historical GHG emissions data. This exercise revealed a 49% overestimation of our GHG emissions for 2020 and 43% for 2021; the restated figures are 1.4 and 1.2 MMtonnes CO_2 equivalent, respectively.

The Scope 1 and 2 emissions recorded for 2022 were 0.7 MMtonnes CO_2 equivalent, resulting in a carbon intensity of 23.9kg/boe (2021: 36.6kg/boe), slightly above the upstream industry carbon intensity average of 18.9kg/boe (Oil & Gas Climate Initiative).

LRQA Group (a leading global assurance provider) has independently verified the new GHG accounting system. The same standards and methodologies in previous years were applied- API and IPPC.

Reducing our emissions towards Net Zero

Our primary commitment is to reduce our GHG emissions resulting from its direct operations. In addition, we have established a broad set of investment activities designed to reduce emissions from its operated facilities and offset residual emissions.

Our *Flares Out* project, which forms part of our commitment to achieving Net Zero by 2050, is on schedule to reach our target of ending routine flares by the end of 2024. In 2022, improvements in performance of the AG compressor in Oben and Amukpe, alongside regular asset integrity checks and other facility improvement activities, were effective and AG flare volume was reduced by 18.2% at Oben (5.7mmscfd against 6.97mmscfd in 2021) and by 39.9% at Amukpe (1.1mmscd against 1.83mmscfd in 2021).

The Sapele Gas Plant (AG solution) with installed capacity of 40 MMscfd achieved mechanical completion in December. The AG solution is expected to process c.26 MMscfd and will make a significant contribution to flared gas utilisation, reducing emissions and carbon intensity. In addition, we acquired an LDAR system at our Oben Gas Plant and trained 40 employees on use of the technology, which has enabled detection of invisible leaks and allowed our in-house O&M team to act promptly.

Our diesel replacement programme seeks to increase the use of gas, a less carbon intensive fuel for power generation and where feasible, solar power is also being considered. We are piloting solar at our Amukpe warehouse to power equipment on site and plan to power the security outposts located around our operations using solar energy in 2023.

We have committed $11.5 million in 2023 towards projects that will end routine flares in our operations, including $10.8 million towards installing gas compression facilities at the flow stations in Amukpe, Oben and Sapele, and $0.7 million towards incineration at the Amukpe flow station.

Upon completion of these projects, we expect to improve our gas handling capacity and reduce flares by c.30 MMscfd in 2023 and c.20 MMscfd in 2024, which will in turn monetise flare gas in line with our corporate strategy and the national flare gas commercialisation initiative. In addition, we have committed $1 million towards planting trees across Nigeria as part of afforestation efforts that will capture residual emissions. Our focus in 2023 will be on mobilising community stakeholders and completing land acquisition to enable the commencement of tree planting in Imo, Edo and Abuja.

Focus on asset integrity

At the core of our operations is a focus on asset integrity, process safety management and maintenance culture to ensure and improve our facilities' safety, reliability, and availability. This focus also promotes higher revenue assurance and contributes to our cost savings initiatives. Our goal, through various asset integrity initiatives, is expected to reduce deferment by c.120kbbl annually and end routine flares, increasing revenue assurance and profitability in line with our defined strategic priorities.

Projects completed in the period included the Oben Gas Plant life extension project to restore health to the plant's old modules and extend life by a minimum of 15 years, and the sectional re-routing of 5.1km x 10" Sapele to Amukpe trunkline to reduce the risk of pipeline failure on a heavily encroached right of way and extend the life span of the pipeline.

Seplat Energy was awarded the ISO 55001 Asset Management certification and is now subject to annual surveillance audits in April 2023 and 2024 and a recertification audit in April 2025 in line with ISO 55001 3-yearly certification renewal cycle. These audits will test how we can effectively sustain and continually improve our asset management system. In addition, the tests will encourage a continuous improvement drive in all our asset management processes to ensure that our asset management system remains aligned with the ISO 55001 Standard in readiness for all future surveillance/recertification audits. Improving asset management systems will enable us to operate our assets more effectively and at higher rates of return.

Proposed acquisition of MPNU

On 25 February 2022, we announced that we have entered into a Sale and Purchase Agreement (subject to ministerial and other regulatory approvals) to acquire the entire share capital of MPNU for a purchase price of $1,283 million plus up to $300 million contingent consideration, subject to the lockbox, working capital and other adjustments at closing relative to the effective date. The transaction encompasses the acquisition of the entire offshore shallow water business of ExxonMobil in Nigeria, which is an established, high-quality operation with a highly skilled local operating team and a track record of safe operations, producing 95 kboepd (W.I.) in 2020 (92% liquids).

On 8 August 2022, we announced that we had received a letter from the Honourable Minister of State for Petroleum Resources that His Excellency President Muhammadu Buhari had approved that Ministerial Consent be granted for the acquisition of MPNU. Accordingly, the approval was given by His Excellency President Muhammadu Buhari in his capacity as the Honourable Minister of Petroleum Resources, granting Ministerial Consent according to the powers of the Minister under Paragraphs 14-16 of the First Schedule of the Petroleum Act, 1969.

On 10 August 2022, we noted speculation in local media about a withdrawal of the Ministerial Approval of the proposed acquisition. However, the Sales & Purchase Agreement remains valid and we remain confident that the transaction will be approved. We continue to work with all parties to achieve a successful outcome and will provide further updates as appropriate.

Outlook

Seplat Energy’s long-term outlook is positive, with the AEP now operating as expected and the ANOH Gas Processing Plant due to come onstream in the final quarter of this year. Full-year production guidance for 2023 is set at 45,000 to 55,000 boepd on a working interest basis. This guidance does not include any expected contribution from MPNU or ANOH.

Capital expenditure for 2023 is expected to be around $160 million, and we plan to drill 18 new wells across our operated and non-operated assets as follows:

- OMLs 4, 38 & 41: Eight wells (Three oil wells, three gas wells, one water disposal well and one exploration well)
- OML 53: One oil well;
- OML 40: Five wells (Four oil wells and one appraisal well; Abiala: Development of one workover and one oil well);
- ANOH: Two gas wells.

The 2023 drilling programme will address production decline and, along with the completion of maintenance activities, will support long-term production levels from the assets. Facilities and engineering projects will focus on completing an upgraded integrated gas processing facility at Sapele. The year under review showed the importance of the sustainability of our evacuation options, and we will prioritise alternative route projects in 2023.

Achieving our ESG performance targets is a primary focus for 2023, and in our climate strategy, where we have committed to being carbon neutral in 2050, ending routine flares by the end of 2024 is a priority. We plan to complete the Oben, Amukpe, Sapele & Jisike *Flares Out* projects, which will capture and monetise gas for productive use and significantly reduce our carbon intensity. In addition, we plan to contribute to the growth of our communities by equipping hospitals and schools with reliable power and, in return, progress our goal to increase access to energy while developing our power and renewable capabilities on socially important projects.

We will exercise discretion over drilling investments and selectively consider opportunities in our existing portfolio, focusing on delivering the highest cash return whilst diligently preserving a strong balance sheet.

The Board is confident in the future prospects of the business, underpinned by its strong balance sheet, and reflecting this confidence the Board has decided to approve the payment of a special dividend of US5 cents to shareholders, in addition to the final dividend of US2.5 cents.

Financial review

Revenue

Revenue from oil and gas sales in 2022 was $951.8 million, a 29.8% increase from the $733.2 million achieved in 2021.

Crude oil revenue was 35.8% higher than for the same period in the previous year at $839.5 million (2021: $618.4 million), reflecting higher average realised oil prices of $101.7/bbl. for the period (2021: $70.5/bbl.). The increase is attributable to the impact of the conflict in Ukraine on global energy prices and the steady post-pandemic recovery in global oil demand, particularly in China and the United States. The total volume of crude lifted in the period was 8.3 MMbbls, 6.8% lower than the 8.9 MMbbls lifted in 2021. The lower volumes lifted in 2022 resulted from a drop in production output, especially in the third quarter, because of the prolonged unavailability of the export terminals. However, significant improvements were made in Q4 2022 as we began to evacuate the bulk of our crude through the newly operational Amukpe-Escravos underground pipeline. The average reconciliation loss factor for the Group was 10.7%.

Gas sales revenue declined marginally by 2.1% to close the year at $112.5 million (2021: $114.8 million) because of weaker average realised gas prices following price reviews conducted in the second quarter of the year, down 1.1% to $2.82/Mscf (2021: $2.85/Mscf). Nevertheless, gas sales volumes improved despite the effect of oil evacuation curtailments and increased 4.1% to 41.0 Bscf, compared to 39.4 Bscf in 2021.

Gross profit

Gross profit increased by 63.0% to $464.7 million (2021: $285.2 million) and benefitted from higher realised oil prices. Non-production costs consisted primarily of $180.8 million in royalties, which was higher compared to $129.8 million in 2021 because of higher oil prices, and DD&A of $128.7 million, which was lower compared to $141.1 million in 2021, reflecting lower depletion of reserves because of decreased production compared to the prior year.

Direct operating costs, which include crude-handling fees, barging/trucking, operation and maintenance costs, amounted to $166.1 million in 2022, 3.1% lower than the $172.1 million incurred in 2021. However, on a cost-per-barrel equivalent basis, production opex was $10.3/boe, 4.4% higher than the $9.9/boe incurred in 2021, primarily because of the effect of lower produced volumes, an excess storage charge on use of the Escravos terminal, and the higher cost of crude handling on the AEP, when compared to the TFP.

Operating profit

The operating profit for the period was $274.7 million, an increase of 9.6%, compared to $250.7 million in 2021.

The Group recognised a financial asset charge of $6.4 million related to the ageing of some government receivables, which is expected to reverse once recoveries are secured. Included in other income was a $13.1 million loss on disposal for the sale of the Ubima field. In addition, there was an over-lift charge of $27.2 million, representing 263 kbbl. and a $1.1 million loss on foreign exchange, principally due to the translation of Naira, Pounds and Euro-denominated monetary assets and liabilities.

General and administrative expenses of $137.4 million were 71.5% higher than the 2021 costs of $80.1 million. The increase was driven by the impact of global inflationary trends on expenses, including travel and training costs (activities having increased following the relaxation of travel restrictions), increased spending on professional and consulting fees associated with business growth strategies and the upward adjustments to staff salaries and emoluments to reflect the true cost of living. The bulk of the staff costs are denominated and paid in Naira but translated in the financial statements at the NAFEX currency exchange rate, which does not reflect fully the macroeconomic reality of the strength of the Naira against the USD. A correction downwards in the exchange rate will lower the USD reported costs accordingly.

After adjusting for non-cash items, which include impairment and exchange losses, the EBITDA of $416.9 million, equates to a margin of 43.8% for the period (2021: $371.8 million; 50.7%).

Taxation

The income tax expense of $99.7 million includes a current tax charge (cash tax) of $67.7 million and a deferred tax charge of $32.0 million. The deferred tax charge is driven by the unwinding of previously unutilised capital allowances and movements in underlift/overlift in the current year. The effective tax rate for the period was 49% (2021: 34%). The higher tax this year resulted from higher taxable profit due to higher oil prices.

Effective tax rate analysis	Income tax expense			Tax rate	
Profit before tax ($'million)	Current	Deferred	Total	ETR (Effective Tax Rate)	Current Tax rate
204.4	67.7	32.0	99.7	49%	33%

Net result

The profit before tax was 15.2% higher at $204.4 million (2021: $177.3 million). The profit for the year was $104.7 million (2021: $117.2 million) with a resultant basic earnings per share of $0.11 in 2022, compared to $0.24 per share in 2021.

Cash flows from operating activities

Cash generated from operations in 2022 was $571.2 million, 51.6% higher than $376.8 million generated in 2021. Net cash flows from operating activities were 41.6% higher at $497.3 million (2021: $352.3 million) after accounting for tax paid of $57.5 million (2021: $13.0 million) and a hedging premium of $10.3 million (2021: $9.0 million). The Group continued to record improvements in the recovery of receivables from the major JV partner and, in 2022, received $259 million towards the settlement of cash calls. As a result, the major JV receivable balance now stands at $91 million (2021: $83.9 million); these are mainly cash calls owed within the last 60 days and are expected to be settled within Q1 2023. As of February 2023 we have received more than $70 million as part settlement of the 2022 outstanding amounts.

Cash flows from investing activities

Net capital expenditure of $163.3 million included $94 million invested in drilling and $64 million in oil and gas engineering projects.

Deposits for investment of $140.3 million include a $128.3 million (which is refundable) deposit for the proposed acquisition announced in February 2022 of Mobil Producing Nigeria Unlimited and the $12.0 million farm-in fee for the Abiala marginal field carved out of OML 40.

The Group received total proceeds of $10.8 million in the period under the revised OML 55 commercial arrangement with BelemaOil for the monetisation of 298.4 kbbls of crude oil. In 2022, recovery was affected by sabotage along the Nembe Creek Trunk Line and the Trans Niger Pipeline, with theft factors ranging from 30% to 90%.

Cash flows from financing activities

The Company paid $58.8 million dividends to shareholders in the period. Other financing charges of $12.5 million reflect the commitment fee and other transaction costs on the Group's facilities, and $63.3 million reflects interest paid on loans and borrowings.

Liquidity

The balance sheet remains healthy with a solid liquidity position.

Net debt reconciliation at 31 December 2022	$ million	Coupon	Maturity
Senior notes*	666.8	7.75%	April 2026
Westport RBL*	8.2	SOFR rate+8%	March 2026
Off-take facility*	95.2	SOFR rate+10.5%	April 2027
Total borrowings	770.2		
Cash and cash equivalents (exclusive of restricted cash)	404.3		
Net debt	**365.9**		

* including amortised interest

Seplat Energy ended the year with gross debt of $770.2 million (with maturities in 2026 and 2027) and cash at bank of $404.3 million, leaving net debt at $365.9 million. The restricted cash balance of $23.9 million includes $8.0 million and $12.5 million set aside in the stamping reserve and debt service reserve accounts for the revolving credit facility; in addition to $0.8 million and $1 million for rent deposit and unclaimed dividend, respectively. We monitor the gearing ratio with the objective to maintain a net debt to gearing ratio of 20%-40%. The ratio for 2022 was 17% (2021: 21%).

Refinancing of the $350 million revolving credit facility (RCF)

On 30 September 2022, Seplat Energy Plc refinanced its existing $350 million revolving credit facility due in December 2023 with a new three-year $350 million revolving credit facility due in June 2025. The RCF includes an automatic maturity extension until December 2026 once a refinancing of the existing $650 million bond due in April 2026 is implemented. The RCF is scheduled to reduce from July 2024, with such date automatically extended to July 2025 once the existing

$650million bond is refinanced. The RCF carries an initial interest of 6% over the base rate (SOFR plus applicable credit adjustment spread), with the margin reducing to 5% after production flowing through the Amukpe-to-Escravos pipeline is stabilised at an average working interest production of at least 15,000 bopd over a period of 45 consecutive days, which was achieved on 1 February 2023 The pricing is in line with the current RCF pricing, although it reflects a change in the base rate from LIBOR to SOFR plus the applicable credit adjustment spread.

Final and Special Dividend

Board has recommended a final dividend of US2.5 cents per share for the financial year 2022 and following a review of Seplat's operational, liquidity and financial position post refinancing the Board has decided to declare an additional special dividend of US5.0 cents per share to be paid after approval at the Annual General Meeting, which will be held in Lagos, Nigeria, on 10 May 2023. This brings the total dividend declared for 2022 to US15 cents per share (2021: US10 cents per share). The payment of the special dividend reflects the Board's confidence in the future of the business and is underpinned by a strong balance sheet.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. The total volume hedged in 2022 was 7.5 MMbbls, and the current program consists of dated Brent put options of 3.0 MMbbls at an average premium of $1.07/bbl. Additional barrels are expected to be hedged for 2023 in the coming months in line with the approach to target hedging two quarters in advance. The Board and management team closely monitor prevailing oil market dynamics and will consider further measures to provide appropriate levels of cash flow assurance in times of oil price weakness and volatility.

Oil put options	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Volume hedged (MMbbls)	2.0	2.0	2.0	1.5	1.5	1.5
Price hedged ($/bbl.)	52.5	55	57.5	65	50	50

Conversion to PIA fiscal regime

The Petroleum Industry Bill was signed into law on 16 August 2021 and provides for the voluntary conversion of existing prospecting licenses and mining leases to the terms of the PIA within 18 months, i.e., February 2023 or at the expiration of such licenses and leases.

In October 2022, following the Group's review of the fiscal provisions of the PIA, Seplat West Limited (OMLs 4, 38 & 41) and Seplat East Onshore Limited (OML 53) together with their respective joint venture partners (NEPL and NNPCL) made provisional applications to NUPRC "the Commission" for the voluntary conversion of operated Oil Mining Leases according to section 92 and 93 of the PIA in October 2022. NEPL, the operator of OML 40, together with Elcrest, also made a conversion application.

The pursuit of conversion was based on our assessment of the new PIA fiscal terms, specifically the improved oil and gas royalty structure and rates, tax system and introduction of production-based allowance, all of which resulted in an overall net favourable position for Seplat Energy.

In fulfilment of section 92 (4) – (6) of the PIA, Seplat executed the conversion contract on 15 February 2023, which confers on applicants the right but not an obligation to complete the conversion to the PIA. The contract includes a longstop date of 30 April 2023 (or any later date agreed by the Commission), by which time key regulations and guidelines are expected to be issued by the Commission, and all conversion conditions have either been satisfied by the applicant or waived ("effective date"). Ministerial approval of the conversion of OMLs/OPLs to PMLs/PPLs will remain subject to meeting all Conditions Precedent.

Seplat continues to monitor the regulatory landscape ahead of 30 April and reserves the right to withdraw or amend the application following when the full scope of the PIA's impact on its assets is assessed.

Credit ratings

Seplat maintains corporate credit ratings with Moody's Investor Services (Moody's), Standard & Poor's (S&P) Rating Services and Fitch. The current corporate ratings are as follows: (i) Moody's Caa1 (stable); (ii) S&P B (stable) and (ii) Fitch B- (stable).

The Group's substantial exposure to the Nigerian operating environment led to a downgrade by Fitch and Moody's, in November 2022 and February 2023 respectively, as both agencies downgraded the Sovereign. Fitch downgraded Seplat Energy Plc's Long-Term Issuer Default Rating (IDR) and senior unsecured rating to 'B-' from 'B', and Moody's downgraded the ratings to Caa1 from B3.

General information

Board of Directors		
Basil Omiyi	Independent Chairman	Nigerian
Roger Brown	Chief Executive Officer	British
Emeka Onwuka	Chief Financial Officer / Executive Director	Nigerian
Samson Ezugworie	Chief Operating Officer / Executive Director (Joined 1/7/22)	Nigerian
Kazeem Raimi	Non-Executive Director (Joined 18/05/22)	Nigerian
Olivier De Langavant	Non-Executive Director	French
Nathalie Delapalme	Non-Executive Director	French
Ernest Ebi	Non-Executive Director (Joined 18/05/22)	Nigerian
Charles Okeahalam	Senior Independent Non-Executive Director	Nigerian
Bashirat Odunewu	Independent Non-Executive Director (Joined 18/05/22)	Nigerian
Fabian Ajogwu, SAN	Independent Non-Executive Director	Nigerian
Bello Rabiu	Independent Non-Executive Director	Nigerian
Emma FitzGerald	Independent Non-Executive Director	British
Koosum Kalyan	Independent Non-Executive Director (Joined 28/02/23)	South African
ABC Orjiako	Chairman (Retired 18/05/22)	Nigerian
Austin Avuru	Non-Executive Director (Retired 01/03/22)	Nigerian
Effiong Okon	Operations Director/Executive Director (Retired 31/07/22)	Nigerian
Arunmah Oteh, OON	Independent Non-Executive Director (Retired 31/12/22)	Nigerian
Company Secretary	Edith Onwuchekwa	
Registered office and business Address of Directors	16A Temple road (Olu Holloway) Ikoyi, Lagos, Nigeria	
Registered number	RC No. 824838	
FRC number	FRC/2013/NBA/00000003660	
Auditor	PricewaterhouseCoopers Landmark Towers, 5b Water Corporation Road Victoria Island, Lagos,	
Registrar	DataMax Registrars Limited 2c Gbagada Expressway Gbagada Phase 1, Lagos Nigeria	
Solicitors	Aelex Allen & Overy LLP Anaka Ezeoke & Co Ashurt LLP Bracewell (UK) LLP Fidelis Oditah & Co. Mas Tax & Legal Olaniwun Ajayi LP Streamsowers & Kohn Templars Udo Udoma & Belo-Osagie	

	White & Case LLP Wole Olanipekun
Bankers	Citibank, N.A. Nedbank Limited The Standard Bank of South Africa Limited Stanbic IBTC Capital Limited FirstRand Bank Limited The Mauritius Commercial Bank Ltd. J.P. Morgan Securities PLC Standard Chartered Bank Natixis Zenith Bank PLC United Bank for Africa PLC First City Monument Bank Limited

Report of the Directors

The Directors are pleased to present to the shareholders of the Company their report with the audited financial statements for the year ended 31 December 2022.

Principal activity

The Company is principally engaged in oil and gas exploration and production.

Operating results

	₦ million		$'000	
	2022	**2021**	**2022**	**2021**
Revenue	403,913	293,631	951,795	733,188
Operating profit(loss)	116,589	100,401	274,740	250,688
Profit before taxation (loss)	86,730	71,028	204,376	177,345
Profit for the year (loss)	44,433	46,931	104,706	117,176

Dividend

During the year, the Directors recommended and paid to members quarterly interim dividends of US2.5cents per share, declared in April, July and October in line with our normal dividend distribution timetable. In addition to this, the Board of Seplat is recommending a final dividend of US2.5 cents per share and a special dividend of US5.0cents per share. The dividends are subject to approval of shareholders, at the AGM which will be held on 10 May 2023 in Lagos, Nigeria.

Unclaimed dividend

The total amount outstanding as at 31 December 2022 is US$1,055,308.75 and ₦559,512,420.73. A list of shareholders and corresponding unclaimed dividends is available on the Company's website: www.seplatenergy.com

Changes in property, plant and equipment

Movements in property, plant and equipment and significant additions thereto are shown in Note 16 to the financial statements.

Shareholder engagement

At the Company's 2022 Annual General Meeting held in May, resolutions 5(b)(i) and 5(b)(ii), concerning the re-election of Directors, were passed with the necessary majorities (79.51% and 79.18%, respectively), however, Resolution 5(b)(i) received 20.49% of votes against and Resolution 5(b)(ii) received 20.82% of votes against the resolution. Therefore, the Board is required by Provision 1.D.4 of the 2018 U.K. Code of Corporate Governance, which Seplat Energy has voluntarily adopted, to provide an update on the views received from shareholders.

In response, the Chairman proactively undertook a series of meetings with leading shareholders to assure them of the Company's ongoing commitment to achieving high standards of corporate governance, noting that recent developments included the transition to an Independent Chairman and the addition of new Board members.

Rotation of Directors

In accordance with the provisions of Section 285 of the Companies and Allied Matters Act, 2020, one third of the Directors of the Company shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election.

However, in accordance with Article 131 of the Company's Articles of Association, the Executive Directors and any Director appointed by a Founder Shareholder shall not be subject to retirement by rotation or taken into consideration in determining the number of Directors to retire each year. Apart from the Executive Directors and Directors appointed by the Founder Shareholders, all other Directors are appointed for fixed terms and are eligible for re-appointment/retirement by rotation.

The Directors who are eligible for re-appointment this year are Madame Nathalie Delapalme and Mr. Bello Rabiu.

Board changes

The Pioneer Chairman and co-founder, Dr. A.B.C Orjiako stepped down as Chairman and from the Board of Directors of Seplat Energy Plc in May 2022. As Chairman of the Group since 2009, Dr. Orjiako led the transformation of Seplat into a globally respected energy Company. Notable achievements include instilling best practice corporate governance, and significant growth through several successful acquisitions. He was also the driving force behind Seplat Energy becoming the first and only Nigerian corporate to dual list on the Nigerian Exchange and the Main Board of the London Stock Exchange in 2014.

The Board of Seplat Energy PLC is pleased to announce that Mr. Basil Omiyi, CON, was appointed the Company's new Independent Non-Executive Chairman, effective 18th May 2022. His appointment followed a thorough assessment of internal and external candidates and was approved after a unanimous vote by all the Directors of Seplat Energy, in compliance with the Companies and Allied Matters Act in Nigeria ("CAMA"). Mr. Basil Omiyi has been a member of Seplat Energy's Board of Directors since March 2013 and as the Senior Independent Non-Executive Director from 1 February 2021. During this period, he chaired the Company's Energy Transition and Risk Management & HSSE Committees and sat on the Remuneration, and Nominations & Governance Committees.

Mr. Omiyi spent most of his career years at the Royal Dutch Shell Group where he held various technical leadership roles in Nigeria as well as in the UK and the Netherlands. On return to Nigeria in 1992, Mr. Omiyi held many leadership roles as Production Manager, Director of External Relations and Environment and later Country Production Director. As Country Production Director, Mr. Omiyi managed installed production capacity of over 1.4 million barrels per day oil and circa 2 billion standard cubic feet per day of gas from about 100 plants across the Niger Delta. He was subsequently appointment the Managing Director of The Shell Petroleum Development Company of Nigeria Ltd in 2004 thus becoming the first indigenous Managing Director of an International Oil Company in Nigeria and later in addition, became the Chairman of Royal Dutch Shell Companies in Nigeria until he retirement in 2009. He is also currently the Chairman of Stanbic IBTC Holding Plc, and TAF Nigeria Homes Ltd. He has held several Oil and Gas leadership positions in his esteemed career including Chairman, Upstream Industry Group-OPTS (Oil Producers Trade Section, Lagos Chambers of Commerce & Industry) 2007 - 2010. Chairman of the Energy Sector of NEPAD Business Group, Nigeria, and Board Member NEPAD Business Group, Nigeria 2005 - 2010, Chairman, of the Oil & Gas Commission of the Nigerian Economic Summit Group (NESG) 2005-2010, Board Member, Nigerian Extractive Industry Transparency Initiative- NEITI, 2007 - 2010, Chairman; Shell Closed Pension Fund Administrator Limited, 2004-2010 and President Nigeria-Netherlands Chamber of Commerce, 2008 - 2010. Mr. Omiyi is a Fellow of many professional bodies, including The Petroleum Institute, UK, FEI, The Nigerian Mining and Geoscience Society, FNMGS, The Nigeran Association of Petroleum Explorationist, FNAPE, and The Chartered Institute of Arbitrators of Nigeria, FCIArb. Mr. Omiyi was awarded with National Honour of Commander of the Order of the Niger, CON in 2011 in recognition of his pioneering role in Oil and Gas Industry leadership in Nigeria. He studied the University of Ibadan from 1965 to 1970 where he obtained a Bachelor of Science degree in Chemistry in 1969 and a Post-graduate Diploma in Petroleum Technology in 1970 after which he joined the then Shell-BP Petroleum Ltd in 1970 as a Wellsite Petroleum Engineer. Mr. Omiyi has extensive insight into and experience in the global oil and gas industry and in particular brings a detailed knowledge and understanding of the Nigerian oil and gas sector together with senior management expertise gained in a large-scale multinational organisation.

With his appointment as the new Board Chairman, Dr. Charles Okeahalam was appointed the Senior Independent Non-Executive Director effective 18th May 2022. Dr. Charles Okeahalam joined the Board in March 2013 as an Independent Non-Executive Director and is Chairman of Seplat Energy's Board Finance & Audit Committee, a member of the Energy Transition, Remuneration, and Nominations & Governance committees. Dr. Okeahalam Okeahalam is a co-founder and Chairman of AGH Group, a private equity and diversified investment holding company with assets in several African countries. Prior to co-founding AGH Group in 2002, he was a professor of corporate finance and banking at the University of the Witwatersrand in Johannesburg. His other roles have included advising a number of African central banks and government ministries, the World Bank and the United Nations. He has held board positions in several companies including ABSA, South African Airways, Sun International and is a former non-executive chairman of Heritage Bank Limited, Nigeria and non-executive chairman of the Nigeria Mortgage Refinance Company. Charles Okeahalam is a distinguished economist and has received several awards including a Senior Fellowship of the Bank of England for his work primarily on econometric analysis of financial systems in Africa. He is currently a Visiting Professor of Practice at the London School of Economics and Political Science (LSE). Charles is involved in philanthropy and currently serves as the chairman of the board of directors of AMREF Health Africa. He brings extensive corporate finance, banking and capital markets expertise and experience to the Board.

The Board of Seplat Energy is also pleased to welcome Mrs. Bashirat Odunewu (Independent Non-Executive Director), Mr. Ernest Ebi (Non-Executive Director) and Mr. Kazeem Raimi (Non-Executive Director) whose appointments were effective on 18 May 2022. These Directors bring vast knowledge in important areas such as the energy sector, finance and commercials. Seplat Energy looks forward to the immense contribution they will make towards its continuing global success.

Mrs. Odunewu is a is a Banking and financial expert with about 30 years' experience in the Finance and Banking Industry. Up till June 2021, she served as C-Suite executive, corporate banking (Energy, Natural Resources & Infrastructure), at First Bank Nigeria Ltd, prior to which she was the line executive for their international banking group where she supervised CEOs of the subsidiaries of First Bank in 6 African countries as well as the Bank's Representative office in China and served as a board member for several of them. She is a business development veteran, well versed in business strategy with over 10 years hands-on experience at C-suite Executive Management level, an alumnus of Imperial College (University of London) and University of Manchester. Mrs. Odunewu is a Chartered accountant (FCA) and a certified member of the Chartered Institute of Arbitrators-UK (MCIArb). She is also a member of various reputable professional associations including the Chartered Institute of Bankers Nigeria (CIBN) and Institute of Directors (IoD). Mrs. Odunewu currently serves as an INED on the board of Leadway Holdings and as a Non-Executive Director (NED) on the Boards of some African Subsidiary Banks of First Bank Nigeria. She is also a member of the Board of Directors for the Franco-Nigeria Chamber of Commerce and Industry where she serves as the Treasurer. Mrs. Odunewu has experience spanning audit/accounting, corporate & commercial banking, Investment banking and treasury in various financial institutions. She has specialized in Oil and Gas financing projects and led notable successful syndications for acquisitions and development. She has been the recipient of several Merit Awards in the organizations she has worked for in recognition of her stellar performance. Mrs. Odunewu is passionate about supporting younger ones towards fulfilling their aspirations and is a mentor/sponsor to many in this regard.

Mr. Kazeem Raimi joined as a Non-Executive Director and is a nominee of Platform Petroleum Limited replacing Mr. Austin Avuru who stepped down from the Board of Seplat Energy on March 01, 2022. Mr. Raimi is presently the Executive Director, Commercial for Platform Petroleum Limited. Previously with Seplat Energy as General Manager, Commercial, Mr. Raimi was charged with the responsibility for driving commercial, economics, valuation, planning and treasury activities across the entire organisation. He also served previously as Manager, Corporate Planning and Economics at Seplat Energy. Mr. Raimi has extensive experience in project economics and risk analysis having been Lead Petroleum Economics and Commercial Advisor at Addax Petroleum where he also served in different capacities in Nigeria and at the Head-Office in Switzerland. He had significant involvement in commercial and economic evaluations of new ventures, farm-in and company acquisition opportunities with a thorough appreciation of tax, fiscal issues and project economics especially as they relate to Nigeria, Gabon, Iraq and Cameroon. Prior to this, Mr. Raimi served as Treasury Manager at Cadbury Nigeria Plc and Audit Finance Analyst at Citibank Nigeria Limited. In addition to his role at Platform Petroleum Limited, Mr. Raimi also serves as a Non - Executive Director at PNG Gas Limited, Egbaoma Gas Processing Company Limited and Ase River Transport Company Limited. Mr. Raimi holds a First-Class Honors in Economics from the University of Ibadan, an MSc in Oil and Gas Economics from the University of Dundee and has undertaken several courses including the Certificate of Management Excellence at Harvard Business School.

Mr. Ernest Ebi joined as a Non-Executive Director, and is a nominee of Shebah Petroleum Development Company Limited (BVI) replacing Dr. A.B.C Orjiako who will step down from the Board of Seplat Energy on 18th May 2022 after the Annual General Meeting. Mr. Ebi is a seasoned professional whose vast experience in the banking and finance industry spans over four (4) decades. He served as Deputy Governor of the Central Bank of Nigeria, Nigeria's Reserve Bank from June 1999 to June 2009, where he covered the Policy and Corporate Services Directorates. Prior to this, Mr. Ebi held several executive positions in the banking industry in Nigeria and the United States of America. He was the Deputy Managing Director in Diamond Bank Ltd where he led the bank's financial services marketing strategy & initiatives for new business development amongst others. In 1995, he was appointed by the Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation as the Managing Director & CEO of New Nigerian Bank Plc. During his time at New Nigerian Bank Plc., he was responsible for the development and implementation of a credible turn-around plan for the bank and contributed significantly to the recovery of a huge portfolio of non-performing risk assets. Mr. Ebi has also held senior positions at the International Merchant Bank, as the Assistant General Manager (credit & marketing department) and Assistant. General Manager (Loan Review & Audit). Mr. Ebi served as the Boards Chairman of Fidelity Bank Plc (2016 – 2020) and AIICO Pension Managers (2010-2021) and currently serves as an Independent Director on the Board of Dangote Cement Plc., Julius Berger Nigeria Plc., Coronation Capital Ltd, and Coronation Asset Management Ltd etc. Mr. Ebi is also a Fellow, Chartered Institute of Bankers, FCIB and Fellow, Institute of Directors Nigeria (F.IOD). Mr. Ebi has a very distinguished career within the Banking and financial services industry and has undertaken several leadership courses in Harvard Business and Kennedy Schools, Oxford Said Business School and Columba University. He was awarded the National Honour of Member of the Order of the Federal Republic (MFR) by the Federal Government of Nigeria in 2007 in recognition of his meritorious service.

The Board of Seplat Energy is also pleased to welcome Mr. Samson Ezugworie, whose appointment as an Executive Director and Chief Operating Officer was effective 1st July 2022.

Mr. Samson Ezugworie comes with over comes with over 30 years' extensive industry experience, building a strong reputation as a business, safety, ethical leader, and integrator. Prior to joining Seplat Energy, Mr. Ezugworie was the General Manager Development and Subsurface with Royal Dutch Shell where he worked in Nigeria and Overseas for 25 years. He also served as a Director in Shell Exploration & Production Africa Limited (SEPA), The Shell Petroleum Development Company of Nigeria Limited (SPDC) and Shell Nigeria Business Operations Limited (SNBO) whilst on this Job. Mr. Ezugworie is a Fellow and has been an active member of Nigerian Association of Petroleum Explorationists (NAPE) for over 25 years and has served the association in different capacities. He was the Port Harcourt chapter chairman for 5 years. A member of NAPE advisory board in 2016/2017, Elections committee and NAPE @40 organising committees among others. Mr. Ezugworie holds a bachelor's degree in Geology from University of Nigeria, Nsukka. He is keen on inspiring people and strong advocate for continuous improvement, work simplification to drive organisational efficiency and productivity whilst leveraging digitalisation and technology.

The Board announces the appointment of Ms. Koosum P. Kalyan as an Independent Non-Executive Director of the Company, who joins the Seplat Board with effect from 28th February 2023.

Ms. Koosum Kalyan is a South African businesswoman and economist whose career began in the Electricity Commission in Melbourne Australia as an economist. She subsequently joined Shell South Africa as an economist and became a member of the Shell Global Scenario Planning Team after which she embarked on her expatriate posting to Shell International London for 9 years. The scope of her work included projects in Nigeria, Gabon, Mozambique, Tanzania; etc. Ms. Kalyan assisted governments in transforming its energy policies and in joining the Extractive Industries Transparency Initiative during her tenure at Shell and also assisted in digitising government institutions. She has served on the Boards of several prestigious companies where she expertly contributed her wealth of knowledge to the progress of these companies and was recently appointed the Chairperson of Control Risk for Southern Africa. Ms. Kalyan has a degree in B. Com Law and a degree in Economics from the University of Durban Westville. She has also completed the Senior Executive Management Program at London Business School and a Leadership Management Program at Shell Leadership Institute.

The Co-founder and former Chief Executive Officer of the Board of Seplat Energy Plc., Mr. Austin Avuru, resigned as a Non-Executive Director ("NED") from the Board of Seplat Energy on 1st March 2022.

Mr. Effiong Okon retired from the Board in July 2022. Mr. Okon was appointed as the Operations Director and Executive Director in February 2018 and has since then invested his time, experience and skills in the growth of the Company. Mr. Okon assumed a new position as the Director New Energy to lead the New Energy Directorate of the Company in July 2022, to significantly accelerate the development of the new energy business and advance the Company's agenda on energy transition.

Ms. Arunma Oteh, OON also retired from the Board in December 2022. Ms. Oteh joined the Board in October 2020 as an Independent Non-Executive Director.

During their time on the Board of Sepat Energy, the Directors diligently served the Board and made significant contributions towards the growth of the Company during their tenure.

The appointment and removal or reappointment of Directors is governed by its Articles of Association and the Companies and Allied Matters Act, 2020. It also sets out the powers of Directors.

Corporate Governance

The Board of Directors is committed to sound corporate governance and ensures that the Company complies with the Nigerian and UK corporate governance regulations as well as international best practice. The Board is aware of the Code of Corporate Governance issued by the Securities and Exchange Commission, the Nigerian Code of Corporate Governance 2018, issued by the Financial Reporting Council of Nigeria and the UK Corporate Governance Code 2018, issued by the UK Financial Reporting Council and ensures that the Company complies with them. The Board is responsible for keeping proper accounting records with reasonable accuracy. It is also responsible for safeguarding the assets of the Company through prevention and detection of fraud and other irregularities. In order to carry out its responsibilities, the Board has established six Board Committees and the Statutory Audit Committee and has delegated aspects of its responsibilities to them. All seven Committees have terms of reference that guide their members in the execution of their duties, and these terms of reference are available for review by the public. All the Committees present a report to the Board with recommendations on the matters within their purview.

Board Committees and Record of Attendance at Meetings

The Board met 11 times during the year and at least once every quarter in line with Section 12.1 of the SEC Code. Board meetings were well attended with attendance of all Directors exceeding two-thirds as required by Section 12.2 of the SEC Code. The record of attendance of Directors at Board meetings and that of its Committees in the year under review is published herewith:

Board of Directors

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	A.B.C. Orjiako[1]	Chairman	8	8
2.	Basil Omiyi, CON[1]	Senior Independent Non-Executive Director/Chairman	11	11
3.	Roger Brown	Chief Executive Officer	11	11
4.	Emeka Onwuka	Chief Financial Officer	11	11

5.	Austin Avuru[2]	Non-Executive Director	4	0
6.	Effiong Okon[3]	Operations Director	8	8
7.	Samson Ezugworie[3]	Chief Operating Officer	3	3
8.	Olivier Langavant	Non-Executive Director	11	11
9.	Nathalie Delapalme	Non-Executive Director	11	11
10.	Charles Okeahalam	Independent Non-Executive Director/Senior Independent Non-Executive Director	11	11
11.	Arunma Oteh, OON[4]	Independent Non-Executive Director	11	11
12.	Fabian Ajogwu, SAN	Independent Non-Executive Director	11	11
13.	Bello Rabiu	Independent Non-Executive Director	11	11
14.	Emma FitzGerald	Independent Non-Executive Director	11	11
15.	Bashirat Odunewu[5]	Independent Non-Executive Director	3	3
16.	Kazeem Raimi[5]	Non-Executive Director	3	3
17.	Ernest Ebi, MFR[5]	Non-Executive Director	3	3

Meeting dates: 27 January; 11 February; 24 February; 25 February; 17 March; 12 April; 27 April; 18 May; 27 July; 12 September; and 25 October

1. On 18 May 2022, Dr. A.B.C Orjiako retired as Chairman and Director of the Board while Mr. Basil Omiyi was immediately elected as the Chairman of the Board.
2. On 1 March 2022, Mr. Austin Avuru formally retired as a Director from the Board after he was recused from Board meetings following his declaration of conflict.
3. On 1 July 2022, Mr Effiong Okon retired as the Operations Director of the Board and took up a new role as the Director, New Energy while Mr. Samson Ezugworie joined the Board as the Chief Operating Officer.
4. On 31 December 2022, Ms. Arunma Oteh, OON resigned from the Board as an Independent Non-Executive Director.
5. On 18 May 2022, Mrs Bashirat Odunewu joined the Board as an Independent Non-Executive Director while Mr. Ernest Ebi and Mr. Kazeem Raimi joined the Board as Non-Executive Directors.

Board Finance & Audit Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Charles Okeahalam	Chairman	5	5
2.	Arunma Oteh, OON	Member	5	4
3.	Fabian Ajogwu, SAN	Member	5	5
4.	Bello Rabiu[1]	Member	2	2
5.	Emma FitzGerald	Member	5	5
6.	Mrs. Bashirat Odunewu[1]	Member	3	3

Meeting dates: 23 February, 20 April, 19 July, 18 October, 22 November

Mrs. Bashirat Odunewu was appointed to the Board as an Independent Non-Executive Director on 18 May 2022. Mrs. Odunewu joined the Board Finance & Audit Committee on 18 May 2022 and replaced Mr. Bello Rabiu on the Committee. Two of the Committee meetings took place before this change.

Nomination and Governance Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Arunma Oteh, OON[1]	Chairman	6	6

2.	Basil Omiyi, CON[2]	Member	4	4
3.	Charles Okeahalam	Member	6	6
4.	Fabian Ajogwu, SAN[3]	Member/Chairman	6	6
5.	Bashirat Odunewu[4]	Member	2	2

Meeting dates: 20 January, 29 March, 5 April, 25 April, 20 July, 18 October

1) Ms. Arunma Oteh, OON resigned from the Board effective 31 December 2022.
2) Mr. Basil Omiyi, CON resigned from the Committee upon appointment as Chairman of the Board of Seplat Energy on 18 May 2022.
3) Prof. Fabian Ajogwu, SAN was appointed Chairman of the Committee effective 1 January 2023.
4) Mrs. Bashirat Odunewu joined the Board as an Independent Non-Executive Director and a member of the Committee on 18 May 2022.

Remuneration Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Emma FitzGerald[1]	Chairman	10	10
2.	Basil Omiyi[2]	Member	5	5
3.	Charles Okeahalam[3]	Member	10	10
4.	Fabian Ajogwu, SAN[1]	Member	10	10
5.	Bello Rabiu[4]	Member	5	5

Meeting dates: 18 February, 20 April, 17 June, 23 July, 20 October

1) Independent Non-Executive Director.
2) Mr. Basil Omiyi ceased to be a member of the Committee on 18 May 2022, when he was appointed as an Independent Board Chairman. He attended all five Committee meetings during his membership.
3) Dr. Charles Okeahalam became the Senior Independent Non-Executive Director (S.I.D) on 18 May 2022 following the appointment of former S.I.D. Mr. Basil Omiyi as the Independent Board Chairman.
4) Mr. Bello Rabiu (independent Non-Executive Director) became a member of the Committee on 18 May 2022. He attended all five Committee meetings from the date of his membership of the Committee.

Risk Management and HSSE Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Basil Omiyi[1]	Chairman	3	3
2.	Bello Rabiu[2]	Chairman (Successor)	5	5
3.	Madame Nathalie Delapalme	Member	5	5
4.	Mr. Ernest Ebi[3]	Member	2	2
5.	Mrs. Bashirat Odunewu[3]	Member	2	2
6.	Effiong Okon[4]	Member	4	4
7.	Samson Ezugworie[4]	Member	2	2

Meeting dates: 18 January, 24 February, 13 April, 13 July, 12 October

1) Mr. Basil Omiyi served as the Chairman of the Committee until 18 May 2022 when he was appointed as the Independent Non-Executive Chairman of the Board. Following this appointment, Basil Omiyi ceased to be a member of the Committee.
2) On 18 May 2022, Mr. Bello Rabiu assumed the role of Chairman of the Committee.
3) On 18 May 2022, Mr. Ernest Ebi and Mrs. Bashirat Odunewu were appointed to the Board and the Committee as Non-Executive Director and Independent Non-Executive Director, respectively.
4) On 1 July 2022, Mr. Samson Ezugworie was appointed as the Chief Operating Officer ("COO") and took over from Mr. Effiong Okon as the Executive Director/Member of the Committee.

Sustainability Committee[1]

Meeting dates: 21 January, 19 April, 19 July, 18 October

1) Ms. Arunma Oteh, OON resigned from the Board and Committee effective 31 December 2022.
2) Prof. Fabian Ajogwu, SAN resigned from the Committee upon appointment as Chairman of Energy Transition Committee on 18 May 2022.
3) Mr. Kazeem Raimi and Mr. Ernest Ebi, MFR were appointed to the Board on 18 May 2022 and joined the Committee in the same month.

Energy Transition Committee[1]

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Basil Omiyi, CON[1]	Chairman	3	3
2.	Fabian Ajogwu, SAN, OFR [2]	Chairman	2	2
3.	Arunma Oteh, OON [3]	Member	5	5
4.	Charles Okeahalam	Member	5	5
5.	Bello Rabiu	Member	5	5
6.	Emma FitzGerald	Member	5	5

Meeting dates: 18 January, 25 February (combined meeting), 13 April, 14 July, 12 October

1) Mr. Basil Omiyi, CON, was the former Senior Independent Non-Executive Director on the Board; he resigned from the Committee upon his appointment as the Chairman of the Board in May 2022.
2) Prof. Ajogwu, SAN, OFR, was appointed as the Chairman of the Committee in May 2022.
3) Ms. Arunma Oteh, OON, resigned from the Board effective 31st December 2022.
4) Mr. Kazeem Raimi joined the Board as a Non-Executive Director and a member of the Committee in May 2022

Statutory Audit Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Chief Anthony Idigbe, SAN Ph.D. (Osgoode)	Chairman/Shareholder Member	4	4
2.	Sir Sunday Nnamdi Nwosu	Shareholder Member	4	4
3.	Mrs. Hauwa Umar	Shareholder Member	4	4
4.	Mr. Olivier De Langavant	Director Member	4	4
5.	Ms. Arunma Oteh, OON[1]	Director Member	2	2
6.	Mrs Bashirat Odunewu[1]	Director Member	2	2

Meeting dates: 23 February, 20 April, 19 July, 20 October

1) Mrs. Bashirat Odunewu was appointed to the Board as an Independent Non-Executive Director on 18 May 2022. Mrs. Odunewu joined the Statutory Audit Committee on May 18, 2022, and replaced Ms. Arunma Oteh on the Committee. Two of the Statutory Audit Committee meetings took place before this change.

Directors' Interest in Shares

In accordance with Section 301 of the Companies and Allied Matters Act, 2020, the interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) are as follows:

	31-Dec-21	31-Dec-22		28-Feb-23	
	No. of Ordinary Shares	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Roger Brown	3,224,702	4,296,463	0.73%	4,379,645	0.74%
Samson Ezugworie	n/a	n/a	0.00%	0	0.00%
Bello Rabiu	n/a	20,000	0.00%	20,000	0.00%
Emeka Onwuka	0	0	0.00%	26,864	0.00%
Oliver De Langavant	0	0	0.00%	0	0.00%
Charles Okeahalam	495,238	699,990	0.12%	699,990	0.12%
Basil Omiyi	495,238	495,238	0.08%	495,238	0.08%
Nathalie Delapalme	0	0	0.00%	0	0.00%
Arunma Oteh, OON	0	0	0.00%	0	0.00%
Emma Fitzgerald	0	0	0.00%	0	0.00%
Kazeem Raimi	n/a	n/a	n/a	0	0.00%
Bashirat Odunewu	n/a	n/a	n/a	0	0.00%
Ernest Ebi	n/a	n/a	n/a	0	0.00%
Fabian Ajogwu	0	0	0.00%	0	0.00%
Total	4,215,178	5,511,691	0.93%	**5,621,737**	**0.94%**

Directors' Interest in Contracts

The former Chairman and a Non-Executive Director have disclosable indirect interest in contracts with which the Company was involved at 31 December 2022 for the purpose of section 303 of the Companies and Allied Matters Act, 2020. These have been disclosed in Note 38.

Substantial Interest in Shares

At 31 December 2022, the following shareholders held more than 5.0% of the issued share capital of the Company:

Shareholder	Number of holdings	%
M&P Group	120,400,000	20.46
Petrolin Group	81,015,319	13.77
Sustainable Capital	52,628,483	8.94

Professional support	47,929,438	8.15
Allan Gray Investment Management	33,822,817	7.51

Free Float

With a free float of 29.5% as at 31 December 2022, Seplat Energy PLC is compliant with the Nigerian Exchange's free float requirements for companies listed on the Premium Board.

Share Dealing Policy

We confirm that to the best of our knowledge that there has been compliance with the Company's Share Dealing Policy during the period.

Shareholding Analysis

The distribution of shareholders at 31 December 2022 is as stated below:

Share range	Number of shareholders	% of shareholders	Number of shares held	% of shareholding
1-10,000	3,365	91.69	1,613,647	0.27
10,001-50,000	166	4.52	4,174,019	0.71
50,001-100,000	45	1.23	3,439,663	0.58
100,001-500,000	60	1.63	13,034,927	2.22
500,001-1,000,000	9	0.25	6,067,583	1.03
1,000,001-5,000,000	19	0.52	44,379,459	7.54
5,000,001-10,000,000	5	0.14	36,295,426	6.17
100,000,001-500,000,0001*	1	0.03	479,439,837	81.48
Total	3,670	100.00	588,444,561	100.00

*Includes shares held by Computer Share on the London Stock Exchange

Share Capital History

Year	Authorised increase	Cumulative	Issued increase/cancelled	Cumulative	Consideration
Jun-09	–	100,000,000	100,000,000	100,000,000	cash
Mar-13	100,000,000	200,000,000	100,000,000	200,000,000	stock split from N1.00 to 50k
Jul-13	200,000,000	400,000,000	200,000,000	400,000,000	bonus (1 for 2)
Aug-13	600,000,000	1,000,000,000	153,310,313	553,310,313	cash
Dec-14	–	1,000,000,000	–	553,310,313	No change
Dec-15	–	1,000,000,000	10,134,248	563,444,561	staff share scheme
Dec-16	–	1,000,000,000	–	563,444,561	No change
Dec-17	–	1,000,000,000	–	563,444,561	No change
Feb-18	–	1,000,000,000	25,000,000	588,444,561	staff share scheme
Dec-19	-	1,000,000,000	-	588,444,561	No change

Dec-20	-	1,000,000,000	-	588,444,561	No change
Dec-21	-	1,000,000,000	-	588,444,561	No change
Dec-22	-		(411,555,439)	588,444,561	Cancellation*

* By virtue of s.124, CAMA 2020 and Regulation 13, Companies Regulations 2021, CAC mandated companies with unissued shares to issue all unissued/unallotted shares not later than 31 December 2022. The consequence of non-compliance is that any unissued share capital at the relevant date will not be recognised as forming part of the share capital of the company until it is issued or reduced through the share capital reduction process. In compliance with the above directive and having obtained Shareholders' approval at the AGM held on 18th May 2022, the Company cancelled 411,555,439 unissued shares.

Social impact programmes

Seplat Energy aspires to be a good corporate citizen, committed to driving positive socio-economic benefits for our country and other stakeholders, and recognising that we must continuously earn our social licence to operate.

C4C Global Entrepreneurship Fellowship Programme

Seplat Energy, in partnership with C4C (Conversations for Change), granted 22 Fellows ₦16.5 million in seed money following their graduation from the entrepreneurship programme. The C4C Global Entrepreneurship Fellowship Programme is a 12-month programme that trains and supports batches of young entrepreneurs and helps them significantly increase their chances of starting and maintaining profitable businesses. Investing in the next generation of leaders is a long-term effort to create a dynamic platform for continuing information provision, dialogue, and discussions.

Seplat Teachers Empowerment Programme (STEP)

To promote creative thinking and higher student engagement, Seplat has introduced the STEAM learning model to secondary schools in Delta and Edo States, where Science, Technology, Engineering, Arts, and Mathematics (STEAM) are equal contributors to the process of learning. The programme is three months online that provides leadership and self-improvement training, training on STEAM modules and their application to teaching. In 2022, Seplat trained over 271 teachers following an initial testing phase to qualify for the activity.

NEPL/Seplat JV Undergraduate Scholarship Programme

The NEPL/Seplat joint venture recognises the importance of education as the backbone of Nigeria's future. Therefore, it aims to promote educational development by providing annual grants to undergraduate students. The programme is aimed at students from disadvantaged backgrounds who are enrolled in any federal or state university. Prospects must maintain a steady record of good performance and can qualify for our examination round. This year the JV provided 120 such grants to help students realise their educational aspirations.

PEARL Quiz (Promoting Exceptional and Respectable Leaders)

The Seplat PEARL Quiz was created to buoy the spirit of academic competition in pursuit of excellence. The programme provides tangible benefits to every participating candidate. This year's winners, Green Park Academy from Edo, collected a cash prize of ₦10Million, while the second and third-place teams took home ₦5Million and ₦3Million, respectively. In addition, each student from the top 3 teams also received ₦100,000, ₦75,000, and ₦50,000 in descending order of achievement. The impact of this programme has been exceptional, with 781 schools and 3,905 students participating this year alone.

Eye Can See

Eye Can See is one of our flagship CSR initiatives where community members can receive free eye surgery, treatment, and even reading glasses funded by Seplat. The programme has gone from strength to strength, and this year, we provided eye consultation services to 10,185 individuals, funded 461 surgeries and 6,519 reading glasses.

Donations

The following donations were made by the Group during the year (2021: ₦167,269,305.33, $432,861.12)

Beneficiary	NG₦	$
Africa Oil Week	10,480,738.03	24,697.17
Centre for Black African Arts and Civiliazation	1,721,350.81	4,056.25
Conversations for Change	16,711,735.80	39,380.11
Energy Institute	1,909,665.00	4,500.00

Falcon Golf Development Company	4,080,340.25	9,615.05
Lawyers in Oil and Gas	1,708,768.24	4,026.60
Nigeria Annual International Conference and Exhibition	12,751,130.69	30,047.20
Nigerian Association of Petroleum Explorationists	11,494,125.11	27,085.15
Nigerian Gas Association	11,457,990.00	27,000.00
Offshore Technology Conference	11,192,279.21	26,373.87
Others	12,797,677.08	30,156.88
Oxford Institute for Energy Studies	27,847,371.59	65,620.50
Pillar Oil	448,329.93	1,056.46
Scholarship Recipients	14,441,656.11	34,030.81
The Energy 2050 Summit	3,242,611.17	7,641.00
Wharton School of the University of Pennsylvania	4,243,700.00	10,000.00
World Energy Capital Assembly	2,594,088.94	6,112.80
Total	**149,123,557.95**	**351,399.86**

Employment and Employees

Employee involvement and training: The Company continues to observe industrial relations practices such as the Joint Consultative Committee and briefing employees on the developments in the Company during the year under review. Various incentive schemes for staff were maintained during the year while regular training courses were carried out for the employees. Educational assistance is provided to members of staff. Different cadres of staff were also assisted with payment of subscriptions to various professional bodies during the year. The Company provides appropriate HSE training to all staff, and Personal Protective Equipment ('PPE') to the appropriate staff.

Health, safety and welfare of employees: The Company continues to enforce strict health and safety rules and practices at the work environment which are reviewed and tested regularly. The Company provides free medical care for its employees and their families through designated hospitals and clinics. Fire prevention and fire-fighting equipment is installed in strategic locations within the Company's premises. The Company operates Group life insurance cover for the benefit of its employees. It also complies with the requirements of the Pension Reform Act, 2004 regarding its employees.

Employment of disabled or physically challenged persons: The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. As at the end of the reporting period, the Group has no disabled persons in employment.

Auditor

The auditor, PricewaterhouseCoopers ("PwC"), has indicated its willingness to continue in office in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the AGM for the re-appointment of PwC as the Company's auditor and for authorisation to the Board of Directors to fix the auditors' remuneration.

By Order of the Board

Edith Onwuchekwa
FRC/2013/NBA/00000003660
Company Secretary
Seplat Energy Plc
16A Temple Road, Ikoyi, Lagos, Nigeria
28 February 2023

Statement of Director's Responsibilities

For the year ended 31 December 2022

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

1) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, 2020;
2) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
3) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its financial performance and cashflows for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

B. Omiyi
Chairman
FRC/2016/IODN/00000014093
28 February 2023

R.T. Brown
Chief Executive Officer
FRC/2014/PRO/DIR/003/00000017939
28 February 2023

Statutory Audit Committee report

For the year ended 31 December 2022

To the members of Seplat Energy Plc:

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act, 2020, members of the Audit Committee of Seplat Energy Plc hereby report on the financial statements of the Group for the year ended 31 December 2022 as follows:

- The scope and plan of the audit for the year ended 31 December 2022 were adequate;
- We have reviewed the financial statements and are satisfied with the explanations and comments obtained;
- We have reviewed the external auditors' management letter for the year and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors;
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

The external Auditors confirmed having received full co-operation from the Company's management in the course of the statutory audit and that the scope of their work was not restricted in any way.

Chief Anthony Idigbe, SAN Ph.D (Osgoode)
Chairman, Statutory Audit Committee
FRC/2015/NBA/00000010414

28 February 2023

Statutory Audit Committee Members

Chief Anthony Idigbe SAN Ph.D. (Osgoode)	Shareholder Member
Sir Sunday N. Nwosu, KSS	Shareholder Member
Mrs. Hauwa Umar	Shareholder Member
Mr. Olivier De Langavant	Non-Executive Director
Mrs. Bashirat Odunewu	Independent Non-Executive Director

Statement of Corporate Responsibility for financial reports

For the year ended 31 December 2022

In line with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Group for the year ended 31 December 2022 and based on our knowledge confirm as follows:

- The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading
- The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the period ended 31 December 2022
- The Company's internal controls has been designed to ensure that all material information included relating to the Company and its subsidiaries is received and provided to the Auditors in the course of the Audit
- The Company's internal controls were evaluated within ninety days of the financial reporting date and are effective as of 31 December 2022
- That we have disclosed to the Company's Auditor's and the Audit Committee the following information:
    - There are no significant deficiencies in the design or operation of the Company's internal control which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit
    - There is no fraud involving management or other employ needs which could have any significant role in the Company's internal control
- There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses

R.T. Brown	E. Onwuka
FRC/2014/PRO/DIR/003/00000017939	FRC/2020/003/00000020861
Chief Executive Officer	Chief Financial Officer
28 February 2023	28 February 2023

Independent auditor's report

To the Members of Seplat Energy Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Seplat Energy Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2022, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Seplat Energy Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

Key audit matter	How our audit addressed the key audit matter
The impact of crude oil and gas reserves on oil and gas properties (Depletion, Depreciation, and Amortisation- DD&A) and recognition of deferred tax assets This is considered a key audit matter due to the significant judgement made by management through the use of experts, when determining the proved and probable oil and gas reserves contained in the Competent Person's Report (CPR). The oil and gas reserves are used in determining the extent of depletion of oil and gas properties, and in determining the expected future cash flows to assess the realisability of the group's deferred tax assets. (a) Depletion of all capitalised costs of proved oil and gas properties (included in DD&A) are expensed using the unit-of-production method as the proved developed reserves estimated in the CPR are produced. The group's upstream oil and gas properties net balance was NGN736 billion ($1.646 billion) as of 31 December 2022, and related depletion expense was NGN51 billion ($119 million). (b) The expected future cash flows of oil and gas properties are a fundamental input in the group's assessment of the probability that taxable profits will be available against which deductible temporary differences or unused tax losses or credits can be utilised. This assessment is required for the recognition of deferred tax assets. The group's deferred tax asset balance was NGN205 billion ($459 million) as of 31 December 2022. The accounting policies, estimates, and disclosures are set out in Notes 3.9, 4.1.ii, 14.4, and 16.1. This was considered a key audit matter in the consolidated financial statements only.	Our procedures were as follows: • We evaluated the competence, independence, and objectivity of management's experts. We understood their methods and evaluated the relevance and reasonableness of the assumptions used by them in determining the proved and probable oil and gas reserves. This includes evaluating the reasonableness of the assumptions to current and past performance of the company. • We recalculated the unit-of-production rate to determine the depletion expense included in the DD&A of the group's cash generating units. • We checked the inputs to the cash flow forecast and agreed this to the Competent Person's Report which shows the estimates of reserves, future production, and income, from the independent consultant. All significant assumptions relating to revenue (future crude and gas prices, crude and gas volumes), royalty, operating expenses and levies have been assessed for reasonableness by comparing with publicly available information and benchmarking against actual performance in the current year. • We estimated the future taxable profits based on the cash flow projections and used it to assess the recoverability of the deferred tax asset recognised. • We evaluated the adequacy of the disclosures in the group's financial statements.

Other information

The directors are responsible for the other information. The other information comprises Operating review, Financial review, General information, Report of the Directors, Statement of Director's Responsibilities, Statutory Audit Committee Report, Statement of Corporate Responsibility for Financial Reports, Statement of Value Added, Five-Year Financial Summary and Supplementary Financial Information but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the Seplat Energy Plc 2022 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Seplat Energy Plc 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

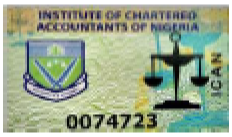
Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

28 February 2023

Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739

Group Accounts For the year ended 31 December 2022

28 February 2023

(Expressed in Nigerian Naira
and US Dollars)

Reliable energy,
limitless potential

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Notes	31 Dec 2022 ₦ million	31 Dec 2021 ₦ million	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenue from contracts with customers	7	403,913	293,631	951,795	733,188
Cost of sales	8	(206,696)	(179,414)	(487,059)	(447,999)
Gross profit		**197,217**	**114,217**	**464,736**	**285,189**
Other (loss)/income	9	(15,302)	8,056	(36,054)	20,118
General and administrative expenses	10	(58,299)	(32,074)	(137,385)	(80,090)
Impairment loss on financial assets	11.1	(2,730)	(9,035)	(6,432)	(22,561)
Impairment loss on non-financial assets	11.2	-	(6,216)	-	(15,521)
Impairment reversal on non-financial assets	11.2	-	29,900	-	74,659
Fair value loss	12	(4,297)	(4,447)	(10,125)	(11,106)
Operating profit		**116,589**	**100,401**	**274,740**	**250,688**
Finance income	13	491	126	1,157	314
Finance cost	13	(28,916)	(30,516)	(68,141)	(76,197)
Finance cost-net		(28,425)	(30,390)	(66,984)	(75,883)
Share of (loss)/profit from joint venture accounted for using the equity method	21	(1,434)	1,017	(3,380)	2,540
Profit before taxation		**86,730**	**71,028**	**204,376**	**177,345**
Income tax expense	14	(42,297)	(24,097)	(99,670)	(60,169)
Profit for the year		**44,433**	**46,931**	**104,706**	**117,176**
Attributable to:					
Equity holders of the parent		26,483	56,786	62,407	141,784
Non-controlling interests		17,950	(9,855)	42,299	(24,608)
		44,433	**46,931**	**104,706**	**117,176**
Earnings per share for the year					
Basic earnings per share ₦/$	36	45.00	97.63	0.11	0.24
Diluted earnings per share ₦/$	36	45.00	97.16	0.11	0.24

Notes 1 to 41 on pages 44 to 136 are an integral part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Notes	31 Dec 2022 ₦ million	31 Dec 2021 ₦ million	31 Dec 2022 $'000	31 Dec 2021 $'000
Profit for the year		**44,433**	**46,931**	**104,706**	**117,176**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		61,666	54,059	689	941
Items that will not be reclassified to profit or loss:					
Re-measurement gain on defined benefit obligations		825	157	1,944	391
Deferred tax expensed on remeasurement gain		(379)	(133)	(892)	(333)
Other comprehensive income for the year		**62,112**	**54,083**	**1,741**	**999**
Total comprehensive income for the year		**106,545**	**101,014**	**106,447**	**118,175**
Attributable to:					
Equity holders of the parent		88,595	110,869	64,148	142,783
Non-controlling interests		17,950	(9,855)	42,299	(24,608)
		106,545	**101,014**	**106,447**	**118,175**

The above year end consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

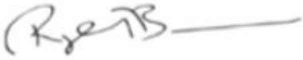
Consolidated Statement of financial position

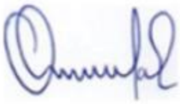
As at 31 December 2022

	Notes	31 Dec 2022 ₦ million	31 Dec 2021 ₦ million	31 Dec 2022 $'000	31 Dec 2021 $'000
Assets					
Non-current assets					
Oil & gas properties	16	741,339	660,745	1,657,993	1,604,025
Other property, plant and equipment	16	12,419	11,228	27,775	27,255
Right-of-use assets	18	1,974	3,050	4,415	7,404
Intangible assets	19	55,630	54,045	124,415	131,200
Other asset	17	45,478	46,363	101,711	112,551
Investment accounted for using equity accounting	21	99,219	92,795	221,902	225,270
Prepayments	20	25,703	27,512	57,486	66,788
Deferred tax asset	14	205,107	128,539	458,718	312,041
Total non-current assets		**1,186,869**	**1,024,277**	**2,654,415**	**2,486,534**
Current assets					
Inventories	22	24,774	30,878	55,406	74,957
Trade and other receivables	23	174,127	105,274	389,431	255,557
Prepayments	20	556	711	1,242	1,726
Derivative financial instruments	25	481	-	1,075	-
Contract assets	24	3,313	1,679	7,408	4,076
Restricted cash	26.2	10,706	6,603	23,944	16,029
Cash and cash equivalents	26	180,786	133,667	404,336	324,490
Total current assets		**394,743**	**278,812**	**882,842**	**676,835**
Total assets		**1,581,612**	**1,303,089**	**3,537,257**	**3,163,369**
Equity and Liabilities					
Equity					
Issued share capital	27	297	296	1,864	1,862
Share premium	27	91,317	90,383	522,227	520,138
Share based payment reserve	27	5,936	4,914	24,893	22,190
Treasury shares	27	(2,025)	(2,025)	(4,915)	(4,915)
Capital contribution	28	5,932	5,932	40,000	40,000
Retained earnings		241,386	239,429	1,189,697	1,185,082
Foreign currency translation reserve	29	447,014	385,348	2,622	1,933
Non-controlling interest	21	(2,963)	(20,913)	(16,505)	(58,804)
Total shareholders' equity		**786,894**	**703,364**	**1,759,883**	**1,707,486**
Non-current liabilities					
Interest bearing loans and borrowings	30	311,149	290,803	695,881	705,953
Lease Liabilities	31	-	198	-	481
Provision for decommissioning obligation	32	86,670	63,709	193,836	154,659
Deferred tax liabilities	14	126,664	42,732	283,282	103,736
Defined benefit plan	33	2,878	4,181	6,437	10,149
Total non-current liabilities		**527,361**	**401,623**	**1,179,436**	**974,978**
Current liabilities					
Interest bearing loans and borrowings	30	33,232	24,988	74,322	60,661
Lease Liabilities	31	1,800	1,273	4,025	3,090
Derivative financial instruments	25	1,435	1,543	3,210	3,745
Trade and other payables	34	205,622	151,204	459,869	367,058
Current tax liabilities	14	25,268	19,094	56,512	46,351
Total current liabilities		**267,357**	**198,102**	**597,938**	**480,905**
Total liabilities		**794,718**	**599,725**	**1,777,374**	**1,455,883**
Total shareholders' equity and liabilities		**1,581,612**	**1,303,089**	**3,537,257**	**3,163,369**

Notes 1 to 41 on pages 44 to 136 are an integral part of these financial statements.

The financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 28 February 2023 and were signed on its behalf by:





B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/PRO/DIR/003/00000017939	FRC/2020/PRO/ICAN/006/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28 February 2023	28 February 2023	28 February 2023

Consolidated statement of changes in equity

As at 31 December 2022

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained Earnings	Foreign currency translation reserve	Non-controlling interest	Total Equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2021	**293**	**86,917**	**7,174**	**-**	**5,932**	**211,790**	**331,289**	**(11,058)**	**632,337**
Profit/(loss) for the year	-	-	-	-	-	56,786	-	(9,855)	46,931
Other comprehensive income	-	-	-	-	-	24	54,059	-	54,083
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**56,810**	**54,059**	**(9,855)**	**101,014**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	206	-	-	206
Dividends paid	-	-	-	-		(29,377)	-	-	(29,377)
Share based payments (Note 27)	-	-	1,209	-	-	-	-	-	1,209
Vested shares (Note 27)	3	3,466	(3,469)	-	-	-	-	-	-
Shares re-purchased	-	-	-	(2,025)					(2,025)
Total	3	3,466	(2,260)	(2,025)	-	(29,171)	-	-	(29,987)
At 31 December 2021	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**
At 1 January 2022	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**
Profit for the year	-	-	-	-	-	26,483	-	17,950	44,433
Other comprehensive income	-	-	-	-	-	446	61,666	-	62,112
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**26,929**	**61,666**	**17,950**	**106,545**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(24,972)	-	-	(24,972)
Share based payments (Note 27)	-	-	3,474	-	-	-	-	-	3,474
Vested shares (Note 27)	1	934	(2,452)	-	-	-	-	-	(1,517)
Shares re-purchased (Note 27)	-	-	-	-	-	-	-	-	-
Total	**1**	**934**	**1,022**	**-**	**-**	**(24,972)**	**-**	**-**	**(23,015)**
At 31 December 2022	**297**	**91,317**	**5,936**	**(2,025)**	**5,932**	**241,386**	**447,014**	**(2,963)**	**786,894**

Notes 1 to 41 on pages 44 to 136 are an integral part of these financial statements.

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained Earnings	Foreign Currency Translation Reserve	Non-controlling interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2021	**1,855**	**511,723**	**27,592**	**-**	**40,000**	**1,116,079**	**992**	**(34,196)**	**1,664,045**
Profit/(loss) for the year	-	-	-	-	-	141,784	-	(24,608)	117,176
Other comprehensive income	-	-	-	-	-	58	941	-	999
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**141,842**	**941**	**(24,608)**	**118,175**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	515	-	-	515
Dividend paid	-	-	-	-	-	(73,354)	-	-	(73,354)
Share based payments (Note 27)	-	-	3,020	-	-	-	-	-	3,020
Vested shares (Note 27)	7	8,415	(8,422)	-	-	-	-	-	-
Shares re-purchased (Note 27)	-	-	-	(4,915)	-	-	-	-	(4,915)
Total	**7**	**8,415**	**(5,402)**	**(4,915)**	**-**	**(72,839)**	**-**	**-**	**(74,734)**
At 31 December 2021	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,185,082**	**1,933**	**(58,804)**	**1,707,486**
At 1 January 2022	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,185,082**	**1,933**	**(58,804)**	**1,707,486**
Profit for the year	-	-	-	-	-	62,407	-	42,299	104,706
Other comprehensive income	-	-	-	-	-	1,052	689	-	1,741
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**63,459**	**689**	**42,299**	**106,447**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(58,844)	-	-	(58,844)
Share based payments (Note 27)	-	-	8,188	-	-	-	-	-	8,188
Vested shares (Note 27)	2	2,089	(5,485)	-	-	-	-	-	(3,394)
Shares re-purchased (Note 27)	-	-	-	-	-	-	-	-	-
Total	**2**	**2,089**	**2,703**	**-**	**-**	**(58,844)**	**-**	**-**	**(54,050)**
At 31 December 2022	**1,864**	**522,227**	**24,893**	**(4,915)**	**40,000**	**1,189,697**	**2,622**	**(16,505)**	**1,759,883**

Notes 1 to 41 on pages 44 to 136 are an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

	Notes	31 Dec 2022 ₦ million	31 Dec 2021 ₦ million	31 Dec 2022 $'000	31 Dec 2021 $'000
Cash flows from operating activities					
Cash generated from operations	15	242,400	150,901	571,206	376,787
Tax paid	14	(24,415)	(5,203)	(57,532)	(12,993)
Defined benefits paid	33	-	-	-	-
Contribution to plan assets	33	(2,015)	(1,000)	(4,507)	(2,497)
Hedge premium paid	12	(4,360)	(3,608)	(10,275)	(9,010)
Net cash inflows from operating activities		**211,610**	**141,090**	**498,892**	**352,287**
Cash flows from investing activities					
Payment for acquisition of oil and gas properties	16	(67,338)	(54,618)	(158,678)	(136,381)
Payment for acquisition of other property, plant and equipment	16	(1,973)	(13,415)	(4,649)	(33,498)
Payment for Abiala investment	19	(5,092)	-	(12,000)	-
Deposit for investment	23.6	(57,367)	-	(128,300)	-
Proceeds from the disposal of oil and gas properties	16.3.2	7,884	-	18,578	-
Proceeds from disposal of other property plant and equipment	16.3.1	8	-	19	-
Rent prepaid		-	(272)	-	(679)
Receipts from other asset	17	4,600	1,961	10,840	4,897
Interest received	13	491	126	1,157	314
Restricted cash	26.3	(3,359)	7,029	(7,915)	17,552
Net cash outflows from investing activities		**(122,146)**	**(59,189)**	**(280,948)**	**(147,795)**
Cash flows from financing activities					
Repayments of loans and borrowings	30	-	(240,291)	-	(600,000)
Proceeds from loans and borrowings	30	-	268,725	-	671,000
Shares purchased for employees*	27	-	(2,025)	-	(4,915)
Dividends paid	37	(24,972)	(29,377)	(58,844)	(73,354)
Interest paid on lease liability	31	(161)	(212)	(380)	(530)
lease payments- principal portion	31	(836)	(1,135)	(1,970)	(3,363)
Payments for other financing charges**	30	(5,325)	(8,154)	(12,547)	(20,360)
Interest paid on loans and borrowings	30	(26,857)	(27,728)	(63,287)	(69,236)
Net cash outflows from financing activities		**(58,151)**	**(40,197)**	**(137,028)**	**(100,758)**
Net increase in cash and cash equivalents		31,313	41,704	80,914	103,734
Cash and cash equivalents at beginning of the year		133,667	85,554	324,490	225,137
Effects of exchange rate changes on cash and cash equivalents		15,806	6,409	(1,068)	(4,381)
Cash and cash equivalents at end of the year	**26**	**180,786**	**133,667**	**404,336**	**324,490**

*Shares purchased for employees of $4.9 million, ₦2.03 billion represent shares purchased in the open market for employees of the Group.

**Other financing charges of $12.5 million, ₦5.3 billion relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

Notes 1 to 41 on pages 44 to 136 are an integral part of these financial statements.

1. Corporate Structure and business

Seplat Energy Plc (formerly called Seplat Petroleum Development Company Plc, hereinafter referred to as 'Seplat' or the 'Company'), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production and gas processing activities. The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in OML 4, OML 38 and OML 41 located in Nigeria.

In 2013, Newton Energy Limited ('Newton Energy'), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited ('Pillar Oil') a 40% Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the 'Umuseti/Igbuku Fields').

On 27 March 2013, the Group incorporated a subsidiary, MSP Energy Limited. The Company was incorporated for oil and gas exploration and production.

On 21 August 2014, the Group incorporated a new subsidiary, Seplat Energy UK Limited (formerly called Seplat Petroleum Development UK Limited). The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

On 12 December 2014, Seplat Gas Company Limited ('Seplat Gas') was incorporated as a private limited liability company to engage in oil and gas exploration and production and gas processing. On 12 December 2014, the Group also incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore northeastern Niger Delta (Seplat East Onshore Limited), from Chevron Nigeria Ltd for $259.4 million.

On 16 January 2018, the Group incorporated a subsidiary, Seplat West Limited ('Seplat West'). Seplat West was incorporated to manage the producing assets of Seplat Plc.

In 2017, the Group incorporated a new subsidiary, ANOH Gas Processing Company Limited. The principal activity of the Company is the processing of gas from OML 53 using the ANOH gas processing plant.

In order to fund the development of the ANOH gas processing plant, on 13 August 2018, the Group entered into a shareholder's agreement with Nigerian Gas Processing and Transportation Company (NGPTC). Funding is to be provided by both parties in equal proportion representing their ownership share and will be used to subscribe for the ordinary shares in ANOH. The agreement was effective on 18 April 2019, which was the date the Corporate Affairs Commission (CAC) approval was received. Given the change in ownership structure as at 31 December 2019, the Group no longer exercises control and has deconsolidated ANOH in the consolidated financial statements. However, its retained interest qualifies as a joint arrangement and has been recognised accordingly as investment in joint venture.

On 31 December 2019, Seplat Energy Plc, acquired 100% of Eland Oil and Gas Plc's issued and yet to be issued ordinary shares. Eland is an independent oil and gas company that holds interest in subsidiaries and joint ventures that are into production, development and exploration in West Africa, particularly the Niger Delta region of Nigeria.

On acquisition of Eland Oil and Gas Plc (Eland), the Group acquired indirect interest in existing subsidiaries of Eland.

Eland Oil & Gas (Nigeria) Limited, is a subsidiary acquired through the purchase of Eland and is into exploration and production of oil and gas.

Westport Oil Limited, which was also acquired through purchase of Eland is a financing company.

Elcrest Exploration and Production Company Limited (Elcrest) who became an indirect subsidiary of the Group purchased a 45 percent interest in OML 40 in 2012. Elcrest is a Joint Venture between Eland Oil and Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group. (See details in Note 4.1.v) The principal activity of Elcrest is exploration and production of oil and gas.

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas.

Other entities acquired through the purchase of Eland are Tarland Oil Holdings Limited (a holding company), Brineland Petroleum Limited (dormant company) and Destination Natural Resources Limited (dormant company).

On 1 January 2020, Seplat Energy Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ("transferred assets") to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

On 20 May 2021, following a special resolution by the Board in view of the Company's strategy of transitioning into an energy Company promoting renewable energy, sustainability, and new energy, the name of the Company was changed from Seplat Petroleum Development Company Plc to Seplat Energy Plc under the Companies and Allied Matters Act 2020.

On 7 February 2022, the Group incorporated a subsidiary, Seplat Energy Offshore Limited. The Company was incorporated for oil and gas exploration and production.

On 5 July 2022, the Group incorporated a subsidiary, Turnkey Drilling Services Limited. The Company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services.

The Company together with its subsidiaries as shown below are collectively referred to as the Group.

Subsidiary	Date of incorporation	Country of incorporation and place of business	Percentage holding	Principal activities	Nature of holding
Newton Energy Limited	1 June 2013	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat Energy UK Limited	21 August 2014	United Kingdom	100%	Technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect
Seplat Energy Offshore Limited	7 February 2022	Nigeria	100%	Oil and Gas exploration and production	Direct
MSP Energy Limited	27 March 2013	Nigeria	100%	Oil and Gas exploration and production	Direct
Turnkey Drilling Services Limited	5 July 2022	Nigeria	100%	Drilling services	Direct

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 31 December 2022:

- During the year, Seplat Energy Offshore Limited was incorporated on 7 February 2022. The percentage ownership of the Company is 100%.
- The Group made a deposit of $128.3 million, ₦57.4 billion to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The completion of the transaction is subject to ministerial consent and other required regulatory approvals.
- On 22 April 2022, the Company announced the appointment of three new directors as Independent Non-Executive Directors of Seplat Energy Plc, resumption took effect on 18 May 2022. The three new directors are Mrs. Bashirat Odunewu, Mr. Kazeem Raimi and Mr. Ernest Ebi.
- The Group signed a contract with Solewant Nigeria Limited in 2013 for the provision of coating services on line pipes. Solewant proceeded to subcontract the service to Adamac Pipes and Coating Services. Over the course of the contract between Solewant and Adamac, financial discords arose. The line pipes are currently being held by Adamac pending ongoing litigations. Due to these pending litigations and rising concerns over recoverability of the pipes, Seplat made a $3.6 million, ₦1.5 billion (30%) impairment on the Line pipes in 2020 and have decided to impair the balance of $8.5 million, ₦3.6 billion in the current reporting period.
- On 5 July 2022, the Group incorporated a subsidiary, Turnkey Drilling Services Limited. The Company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services. The percentage ownership of the Company is 100%.
- On 1 August 2022, the Group announced the commercial launch of Amukpe-Escravos pipeline. The pipeline will offer a more secured and reliable export route for liquids from Seplat Energy's major assets OML 4, 38 and 41.
- On 30 September 2022, the Group refinanced its existing $350 million revolving credit facility due in December 2023 with a new 3-year $350 million Revolving Credit Facility (RCF) due in June 2025. The RCF also includes an automatic maturity extension until December 2026 once a refinancing of the existing US$650million bond due in April 2026 is implemented.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The Consolidated financial statements are for the Group consisting of Seplat Energy Plc and its subsidiaries.

3.2 Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared under the going concern and historical cost convention, except for financial instruments measured at fair value on initial recognition, derivative financial instruments, and defined benefit plans – plan assets measured at fair value. The financial statements are presented in Nigerian Naira and United States Dollars, and all values are rounded to the nearest million (₦'million) and thousand ($'000) respectively, except when otherwise indicated.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these financial statements.

The accounting policies adopted are consistent with those of the previous financial year end, except for the adoption of new and amended standard which are set out below.

3.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

b) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

d) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

e) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the consolidated financial statements of the Group.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024

- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023
- Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023
- IFRS 16 amended for lease liability measurement in sale and leaseback – Effective date for annual periods beginning on or after January 2024.

3.5 Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The consolidated financial information comprises the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date on which control is obtained by the Group and are deconsolidated from the date control ceases.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

ii. Change in the ownership interest of subsidiary

The acquisition method of accounting is used to account for business combinations by the Group.

Non- controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Intercompany transaction balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii. Disposal of subsidiary

Where the Group disposes a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

iv. Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interest in the joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. All other joint arrangements of the Group are joint operations.

v. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting (see (vi) below) after initially being recognised at cost.

vi. Equity method

Under the equity method of accounting, the Group's investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of loss in an equity accounting investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other party.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in Note 3.14.

vii. Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

viii. Accounting for loss of control

When the Group ceases to consolidate a subsidiary because of a joint control, it does the following:

- deconsolidates the assets (including goodwill), liabilities and non-controlling interest (including attributable other comprehensive income) of the former subsidiary from the consolidated financial position.
- any retained interest (including amounts owed by and to the former subsidiary) in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the
- initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a joint venture.
- any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings if required by other IFRSs.
- the resulting gain or loss, on loss of control, is recognised together with the profit or loss from the discontinued operation for the period before the loss of control.
- the gain or loss on disposal will comprise of the gain or loss attributable to the portion disposed of and the gain or loss on remeasurement of the portion retained. The latter is disclosed separately in the notes to the financial statements.

If the ownership interest in a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

ix. Non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

x. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3.6 Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ('the functional currency'), which is the US dollar except the UK subsidiary which is the Great Britain Pound. The consolidated financial statements are presented in Nigerian Naira and the US Dollars.

The Group has chosen to show both presentation currencies and this is allowable by the regulator.

i. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

ii. Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the reporting date.
- income and expenses for statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not - a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.7 Oil and gas accounting

i. Pre-licensing costs

Pre-license costs are expensed in the period in which they are incurred.

ii. Exploration license cost

Exploration license costs are capitalised within intangible assets. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised on a straight-line basis over the life.

License costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made to establish development plans and timing. If no future activity is planned or the license has been relinquished or has expired, the carrying value of the license is written off through profit or loss. The exploration license costs are initially recognised at cost and subsequently amortised on a straight line based on the economic life. They are subsequently carried at cost less accumulated amortisation and impairment losses.

iii. Acquisition of producing assets

Upon acquisition of producing assets which do not constitute a business combination, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The purchase price paid for the group of assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

iv. Exploration and evaluation expenditures

Geological and geophysical exploration costs are charged to profit or loss as incurred.

Exploration and evaluation expenditures incurred by the entity are accumulated separately for each area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure that is not directly related to a particular area of interest. Each area of interest is limited to a size related to a known or probable hydrocarbon resource capable of supporting an oil operation.

Costs directly associated with an exploration well, exploratory stratigraphic test well and delineation wells are temporarily suspended (capitalised) until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons ('proved reserves') are not found, the exploration expenditure is written off as a dry hole and charged to profit or loss. If hydrocarbons are found, the costs continue to be capitalised.

Suspended exploration and evaluation expenditure in relation to each area of interest is carried forward as an asset provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale;
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and
- active and significant operations in, or in relation to, the area of interest.

Exploration and/or evaluation expenditures which fail to meet at least one of the conditions outlined above are written off. In the event that an area is subsequently abandoned or exploration activities do not lead to the discovery of proved or probable reserves, or if the Directors consider the expenditure to be of no value, any accumulated costs carried forward relating to the specified areas of interest are written off in the year in which the decision is made. While an area of interest is in the development phase, amortisation of development costs is not charged pending the commencement of production. Exploration and evaluation costs are transferred from the exploration and/or evaluation phase to the development phase upon commitment to a commercial development.

v. Development expenditures

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure directly related to the development property. All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment is expected to be derived from the sale of production from the relevant development property.

3.8 Revenue recognition (IFRS 15)

IFRS 15 uses a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil, this occurs when the crude products are lifted by the customer (buyer) Free on Board at the Group's loading facility. Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas sales, revenue is recognised when the product passes through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time using the practical expedient of the right to invoice.

The surplus or deficit of the product sold during the period over the Group's share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. Initially, when an overlift occurs, cost of sale is debited, and a corresponding liability is accrued. Overlifts and underlifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Subsequently, they are remeasured at the current market value. The change arising from this remeasurement is included in the profit or loss as other income/expenses-net.

Definition of a customer

A customer is a party that has contracted with the Group to obtain crude oil or gas products in exchange for a consideration, rather than to share in the risks and benefits that result from sale. The Group has entered into collaborative arrangements with its Joint arrangement partners to share in the production of oil. Collaborative arrangements with its Joint arrangement partners to share in the production of oil are accounted for differently from arrangements with customers as collaborators share in the risks and benefits of the transaction, and therefore, do not meet the definition of customers. Revenue arising from these arrangements are recognised separately in other income.

Contract enforceability and termination clauses

It is the Group's policy to assess that the defined criteria for establishing contracts that entail enforceable rights and obligations are met. The criteria provide that the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is not recognised for contracts that do not create enforceable rights and obligations to parties in a contract. The Group also does not recognise revenue for contracts that do not meet the revenue recognition criteria. In such cases where consideration is received it recognises a contract liability and only recognises revenue when the contract is terminated.

The Group may also have the unilateral rights to terminate an unperformed contract without compensating the other party. This could occur where the Group has not yet transferred any promised goods or services to the customer and the Group has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

Identification of performance obligation

At inception, the Group assesses the goods or services promised in the contract with a customer to identify as a performance obligation, each promise to transfer to the customer either a distinct good or series of distinct goods. The number of identified performance obligations in a contract will depend on the number of promises made to the customer. The delivery of barrels of crude oil or units of gas are usually the only performance obligation included in oil and gas contract with no additional contractual promises. Additional performance obligations may arise from future contracts with the Group and its customers.

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is due to the fact that revenue is only recognised at the point where the performance obligation is fulfilled, Management has therefore developed adequate measures to ensure that all contractual promises are appropriately considered and accounted for accordingly.

Transaction price is the amount allocated to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing component or consideration payable to a customer.

Variable consideration not within the Group's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As a practical expedient, where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group may recognise revenue in the amount to which it has a right to invoice.

Significant financing component (SFC) assessment is carried out (using a discount rate that reflects the amount charged in a separate financing transaction with the customer and also considering the Group's incremental borrowing rate) on contracts that have a repayment period of more than 12 months.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Instances when SFC assessment may be carried out include where the Group receives advance payment for agreed volumes of crude oil or receives take or pay deficiency payment on gas sales. Take or pay gas sales contract ideally provides that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. The portion of advance payments that represents significant financing component will be recognised as interest expense.

Consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or services that the customer transfers to the Group.

Breakage

The Group enters into take or pay contracts for sale of gas where the buyer may not ultimately exercise all of their rights to the gas. The take or pay quantity not taken is paid for by buyer called take or pay deficiency payment. The Group assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Group is not reasonably assured of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Contract modification and contract combination

Contract modifications relate to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Group assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract. Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Group combines contracts entered into at near the same time (less than 12 months) as one contract if they are entered into with the same or related party customer, the performance obligations are the same for the contracts and the price of one contract depends on the other contract.

Portfolio expedients

As a practical expedient, the Group may apply the requirements of IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics if it expects that the effect on the financial statements would not be materially different from applying IFRS to individual contracts within that portfolio.

Contract assets and liabilities

The Group recognises contract assets for unbilled revenue from crude oil and gas sales. The Group recognises contract liability for consideration received for which performance obligation has not been met.

Disaggregation of revenue from contract with customers

The Group derives revenue from two types of products, oil and gas. The Group has determined that the disaggregation of revenue based on the criteria of type of products meets the disaggregation of revenue disclosure requirement of IFRS 15. It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in note 6.1.1.

3.9 Property, plant and equipment

Oil and gas properties and other plant and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation

Production and field facilities are depreciated on a unit-of-production basis over the estimated proved developed reserves. Gas plant is depreciated on a straight-line basis over its useful lives. Assets under construction are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Plant and machinery	10% - 20%
Gas plant	4%
Motor vehicles	25%-30%
Office furniture and IT equipment	10%-33.33%
Buildings	4%
Land	-
Leasehold improvements	Over the unexpired portion of the lease

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in the statement of profit or loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.10 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of a lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, decommissioning costs (if any), and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low value

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. low value assets). Low-value assets are assets with lease amount of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

3.11 Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The weighted average incremental borrowing rate for the Group is 7.56%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual period of a lease.

The Group has elected to exclude non-lease components in calculating lease liabilities and instead treat the related costs as an expense in the statement of profit or loss.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. These costs may arise from; specific borrowings used for the purpose of financing the construction of a qualifying asset, and those that arise from general borrowings that would have been avoided if the expenditure on the qualifying asset had not been made. The general borrowing costs attributable to an asset's construction is calculated by reference to the weighted average cost of general borrowings that are outstanding during the period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

3.13 Finance income and costs

Finance income

Finance income is recognised in the statement of profit or loss as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the amortised cost of the financial instrument. The determination of finance income takes into account all contractual terms of the financial instrument as well as any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

The Group applies the IBOR reform Phase 2 amendments which allows as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis.

3.14 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently. Other non –financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment.

If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Group's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal ('FVLCD') and value in use ('VIU'). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash generating unit to which it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment once commercial reserves are found before they are transferred to oil and gas assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

Impairment – proved oil and gas production properties

Proven oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3.15 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.16 Inventories

Inventories represent the value of tubulars, casings, spares and wellheads. These are stated at the lower of cost and net realisable value. Cost is determined using the invoice value and all other directly attributable costs to bringing the inventory to the point of use determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

3.17 Other asset

The Group's interest in the oil and gas reserves of OML 55 has been classified as other asset. On initial recognition, it is measured at the fair value of future recoverable oil and gas reserves. Subsequently, the other asset is recognised at fair value through profit or loss.

3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as the chief operating decision maker, consists of the Chief Financial Officer, the Vice President (Finance), the Director (New Energy) and the Financial Reporting Manager. See further details in Note 6.

3.19 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

Financial Assets

It is the Group's policy to initially recognise financial asset at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Group's financial assets as at 31 December 2022 satisfy the conditions for classification at amortised cost under IFRS 9 except for derivatives which are classified at fair value through profit or loss.

The Group's financial assets include trade receivables, NEPL receivables, NNPC receivables, other receivables, cash and bank balances and derivatives. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables and contract assets while the general approach is applied to NEPL receivables, NNPC receivables, other receivables and cash and bank balances.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.

Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Write off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include;

- ceasing enforcement activity and;
- where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write - off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2022 was nil (2021: Nil).

The Group seeks to recover amounts it legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

e) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

In the context of IBOR reform, the Group's assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform Phase 2. This requires the transition from an IBOR to an RFR to be treated as a change to a floating interest rate, as described in Note 3.13 above.

f) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

g) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when there is legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

h) Derivatives

The Group uses derivative financial instruments such as forward exchange contracts to hedge its foreign exchange risks as well as put options to hedge against its oil price risk. However, such contracts are not accounted for as designated hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered and subsequently remeasured to their fair value at the end of each reporting period. Any gains or losses arising from changes in the fair value of derivatives are recognised within operating profit in the statement of profit or loss for the period. An analysis of the fair value of derivatives is provided in Note 5, Financial risk Management.

The Group accounts for financial assets with embedded derivatives (hybrid instruments) in their entirety on the basis of its contractual cash flow features and the business model within which they are held, thereby eliminating the complexity of bifurcation for financial assets. For financial liabilities, hybrid instruments are bifurcated into hosts and embedded features. In these cases, the Group measures the host contract at amortised cost and the embedded features is measured at fair value through profit or loss.

For the purpose of the maturity analysis, embedded derivatives included in hybrid financial instruments are not separated. The hybrid instrument, in its entirety, is included in the maturity analysis for non-derivative financial liabilities.

i) Fair value of financial instruments

The Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e., the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred, or sold, or the fair value becomes observable.

3.20 Share capital

On issue of ordinary shares, any consideration received net of any directly attributable transaction costs is included in equity. Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated after initial recognition.

3.21 Earnings per share and dividends

Basic EPS

Basic earnings per share is calculated on the Group's profit or loss after taxation attributable to the parent entity and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share awards arising from the share-based payment scheme) into ordinary shares.

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3.22 Post-employment benefits

Defined contribution scheme

The Group contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Group. The Group's contributions to the defined contribution scheme are charged to the statement of profit and loss account in the year to which they relate.

The employer contributes 17% while the employee contributes 3% of the qualifying employee's salary.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Group operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

Defined benefit scheme

The Group operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post-employment benefits to employees. These benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and calculated annually by independent actuaries. The liability or asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Remeasurements gains and losses, arising from changes in financial and demographic assumptions and experience adjustments, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation and the fair value of the plan assets.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in general and administrative expenses:

- Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost

3.23 Provisions

Provisions are recognised when

i) the Group has a present legal or constructive obligation as a result of past events;
ii) it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and
iii) the amount can be reliably estimated.

Provisions are not recognised for future operating losses. In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted (where the effects of the time value of money is considered to be material) using a pre-tax rate that is reflective of current market assessments of the time value of money and the risk specific to the liability;
- when discounting is used, the increase of the provision over time is recognised as interest expense;

- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.

Decommissioning

Liabilities for decommissioning costs are recognised as a result of the constructive obligation of past practice in the oil and gas industry, when it is probable that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology, and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. The corresponding amount is capitalised as part of the oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

3.24 Contingencies

A contingent asset or contingent liability is a possible asset or obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events. The assessment of the existence of the contingencies will involve management judgement regarding the outcome of future events.

3.25 Income taxation

i. Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

iii. Uncertainty over income tax treatments

The Group examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Group concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Group measures the impact of the uncertainty using methods that best predicts the resolution of the uncertainty. The Group uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Group assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Group applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.26 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

3.27 Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of diluted earnings per share.

4. Significant accounting judgements estimates and assumptions

The preparation of the Group's consolidated historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated historical financial information:

i. OMLs 4, 38 and 41

OMLs 4, 38, 41 are grouped together as a cash generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each cannot independently generate cash flows. They currently operate as a single block sharing resources for generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced when the Group has an unconditional right to receive payment.

ii. Deferred tax asset

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

iii. Lease liabilities

In 2018, the Group entered into a lease agreement for its new head office building. The lease contract contains an option to purchase and right of first refusal upon an option of sales during the initial non-cancellable lease term of five (5) years.

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million, which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

iv. Foreign currency translation reserve

The Group has used the CBN rate to translate its Dollar currency to its Naira presentation currency. Management has determined that this rate is available for immediate delivery. If the rate was 10% higher or lower, revenue in Naira would have increased/decreased by ₦40.4 billion (2021: ₦29 billion). See Note 47 for the applicable translation rates.

v. Consolidation of Elcrest

On acquisition of 100% shares of Eland Oil and Gas Plc, the Group acquired indirect holdings in Elcrest Exploration and Production (Nigeria) Limited. Although the Group has an indirect holding of 45% in Elcrest, Elcrest has been consolidated as a subsidiary for the following basis:

- Eland Oil and Gas Plc has controlling power over Elcrest due to its representation on the board of Elcrest, and clauses contained in the Share Charge agreement and loan agreement which gives Eland the right to control 100% of the voting rights of shareholders.
- Eland Oil and Gas Plc is exposed to variable returns from the activities of Elcrest through dividends and interests.
- Eland Oil and Gas Plc has the power to affect the amount of returns from Elcrest through its right to direct the activities of Elcrest and its exposure to returns.

vi. Revenue recognition

Performance obligations

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e. over time or at a point in time. The Group has determined that only one performance obligation exists in oil contracts which is the delivery of crude oil to specified ports. Revenue is therefore recognised at a point in time.

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receive and consume the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient.

Significant financing component

The Group has entered into an advance payment contract with Mercuria for future crude oil to be delivered. The Group has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

a) The difference, if any, between the amount of promised consideration and cash selling price and;

b) The combined effect of both the following:
    - The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received and;
    - The prevailing interest rate in the relevant market.

The advance period is greater than 12 months. In addition, the interest expense accrued on the advance is based on a comparable market rate. Interest expense has therefore been included as part of finance cost.

Transactions with Joint Operating arrangement (JOA) partners

The treatment of underlift and overlift transactions is judgmental and requires a consideration of all the facts and circumstances including the purpose of the arrangement and transaction. The transaction between the Group and its JOA partners involves sharing in the production of crude oil, and for which the settlement of the transaction is non-monetary. The JOA partners have been assessed to be partners not customers. Therefore, shortfalls or excesses below or above the Group's share of production are recognised in other income/ (expenses) - net.

vii. Exploration and evaluation assets

The accounting for exploration and evaluation ('E&E') assets require management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbon, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

viii. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief financial officer, the Vice President (Finance), the Director (New Energy) and the financial reporting manager. See further details in note 6.

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following are some of the estimates and assumptions made:

i. Defined benefit plans

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

ii. Oil and gas reserves

Proved oil and gas reserves are used in the units of production calculation for depletion as well as the determination of the timing of well closure for estimating decommissioning liabilities and impairment analysis. There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

iii. Share-based payment reserve

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share award or appreciation right, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27.4.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

iv. Provision for decommissioning obligations

Provisions for environmental clean-up and remediation costs associated with the Group's drilling operations are based on current constructions, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

v. Property, plant and equipment

The Group assesses its property, plant and equipment, including exploration and evaluation assets, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

If there are low oil prices or natural gas prices during an extended period, the Group may need to recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, higher of fair value less cost to dispose and value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas.

During the year, the Group carried out an impairment assessment on OML 4,38 and 41, OML 56, OML 53, OML 40 and OML 17. The Group used the higher of the fair value less cost to dispose and the value in use in determining the recoverable amount of the cash-generating unit. In determining the value, the Group uses a forecast of the annual net cash flows over the life of proved plus probable reserves, production rates, oil and gas prices, future costs (excluding (a) future restructurings to which the entity is not yet committed; or (b) improving or enhancing the asset's performance) and other relevant assumptions based on the year-end Competent Persons Report (CPR). The pre-tax future cash flows are adjusted for risks specific to the forecast and discounted using a pre-tax discount rate which reflects both current market assessment of the time value of money and risks specific to the asset.

Management considers whether a reasonable possible change in one of the main assumptions will cause an impairment and believes otherwise (see note 16.1).

vi. Useful life of other property, plant and equipment

The Group recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

vii. Income taxes

The Group is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of deferred tax assets. Management is required to assess the ability of the Group to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

viii. Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5.1.3.

ix. Intangible assets

The contract based intangible assets (licence) were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset. The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk – interest rate	Interest bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5.1.1 Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates and commodity prices.

i. Commodity price risk

The Group is exposed to the risk of fluctuations on crude oil prices. The uncertainty around the rate at which oil prices increase or decline led to the Group's decision to enter into an option contract to insure the Group's revenue against adverse oil price movements.

Crude Hedge

During the last quarter of 2022, the Group entered into an economic crude oil hedge contract with an average strike price of ₦22,357 ($50/bbl.) for 3 million barrels at an average premium price of ₦478 ($1.1 /bbl.) was agreed at the contract dates.

These contracts, which will commence on 1 January 2023, are expected to reduce the volatility attributable to price fluctuations of oil. The Group did not pre-pay any premium in the current year but the premium for 3 million barrels will be settled on a deferred basis. An unrealized fair value gain of ₦64 million, $150 thousand have been recognized in 2022. The termination date is 31 March and 30 June 2023 respectively. Hedging the price volatility of forecast oil sales is in accordance with the risk management strategy of the Group.

The maturity of the crude oil hedge contracts the Group holds is shown in the table below:

	Less than 6 months	6 to 9 months	10 to 12 months	Above 12 months	Total	Fair value ₦ million	Fair value $'000
As at 31 December 2022							
Crude oil hedges Volume (bbl.)	2,000,000	1,000,000	-	-	3,000,000	1,435	3,210
						1,435	**3,210**

	Less than 6 months	6 to 9 months	10 to 12 months	Above 12 months	Total	Fair value ₦ million	Fair value $'000

As at 31 December 2021

Crude oil hedges Volume (bbl.)	2,000,000	1,000,000	-	-	3,000,000	1,543	3,745
						1,543	**3,745**

The following table summarises the impact of the commodity options on the Group's profit before tax due to a 10 % change in market inputs, with all other variables held constant:

Increase/decrease in market inputs	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million
+10%	144	-	154	-
-10%	(144)	-	(154)	-

Increase/decrease in market inputs	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+10%	321		375	-
-10%	(321)		(375)	-

The Group may be exposed to business risks from fluctuations in the future prices of crude oil and gas. The following table summarises the impact on the Group's profit before tax of a 10% change in crude oil prices, with all other variables held constant:

Increase/decrease in crude oil prices	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million
+10%	35,619	-	24,765	-
-10%	(35,619)	-	(24,765)	-

Increase/decrease in crude oil prices	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+10%	83,934	-	61,838	-
-10%	(83,934)	-	(61,838)	-

The following table summarises the impact on the Group's profit before tax of a 10% change in gas prices, with all other variables held constant:

Increase/decrease in gas price	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million
+10%	4,772	-	4,598	-
-10%	(4,772)	-	(4,598)	-

Increase/decrease in gas price	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+10%	11,245	-	11,481	-
-10%	(11,245)	-	(11,481)	-

ii. Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk relates primarily to interest bearing loans and borrowings. The Group has both variable and fixed interest rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and short-term fixed deposit held at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value. The Group's borrowings are not measured at fair value and are denominated in US dollars. The Group is exposed to cash flow interest rate risk on short-term deposits to the extent that the significant increases and reductions in market interest rates would result in a decrease in the interest earned by the Group.

The contractual re-pricing date of the interest-bearing loans and borrowings is between 3-6 months. The exposure of the Group's variable interest-bearing loans and borrowings at the end of the reporting period is shown below.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Corporate loan	**8,176**	48,828	**3,655**	118,535

The following table demonstrates the sensitivity of the Group's profit before tax to changes in SOFR rate, with all other variables held constant.

Increase/decrease in interest rate	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+2%	73	-	164	-
-2%	(73)	-	(164)	-

Increase/decrease in interest rate	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+1%	49		119	-
-1%	(49)		(119)	-

5.1.2 Foreign exchange risk

The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Group is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Group holds most of its cash and bank balances in US dollar. However, the Group maintains deposits in Naira in order to fund ongoing general and administrative activities and other expenditure incurred in this currency. Other monetary assets and liabilities which give rise to foreign exchange risk include trade and other receivables, trade and other payables. The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for Naira exposures at the reporting date:

	2022	2021	2022	2021

	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and bank balances	154,907	114,773	346,447	278,622
Trade and other receivables	692	580	1,547	1,408
Contract assets	3,312	1,669	7,408	4,050
	158,911	**117,022**	**355,402**	**284,080**
Financial liabilities				
Trade and other payables	(182,961)	(102,823)	(409,189)	(249,612)
Net exposure to foreign exchange risk	**(24,050)**	**14,199**	**(53,787)**	**34,468**

The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for Pound exposures at the reporting date:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and bank balances	1,342	900	3,001	2,186
Trade and other receivables	4,157	35,863	9,297	87,062
	5,499	**36,763**	**12,298**	**89,248**
Financial liabilities				
Trade and other payables	-	-	-	-
Net exposure to foreign exchange risk	**5,499**	**36,763**	**12,298**	**89,248**

Sensitivity to foreign exchange risk is based on the Group's net exposure to foreign exchange risk due to Naira and pound denominated balances. If the Naira strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
+10%	2,186	-	4,890	-
-10%	(2,672)	-	(5,796)	-

Increase/decrease in foreign exchange risk	Effect on profit before tax 2021	Effect on other components of equity before tax 2021	Effect on profit before tax 2021	Effect on other components of equity before tax 2021
	₦ million	₦ million	$'000	$'000
+5%	(677)	-	(1,641)	-
-5%	748	-	1,814	-

If the Pounds strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+10%	(500)	-	(1,118)	-
-10%	611	-	1,366	-

Increase/decrease in foreign exchange risk	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+5%	(1,751)	-	(4,250)	-
-5%	1,935	-	4,697	-

5.1.3 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and bank balances as well as credit exposures to customers (i.e., Mercuria, Shell western, Pillar, Azura, Geregu Power, Sapele Power and Nigerian Gas Marketing Company (NGMC) receivables), and other parties (i.e., NNPC receivables, NEPL receivables and other receivables).

a) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria and Shell western. There is a 30-day payment term after Bill of Lading date in the off-take agreement with Mercuria (OMLs 4, 38 &41) which expired in December 2022. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in September 2023. The Group is exposed to further credit risk from outstanding cash calls from Nigerian National Petroleum Corporation Exploration Limited (NEPL) and Nigerian National Petroleum Corporation (NNPC).

In addition, the Group is exposed to credit risk in relation to the sale of gas to its customers.

The credit risk on cash and bank balances is managed through the diversification of banks in which the balances are held. The risk is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets.

b) Impairment of financial assets

The Group has six types of financial assets that are subject to IFRS 9's expected credit loss model. Contract assets are also subject to the expected credit loss model, even though they are not financial assets, as they have substantially the same credit risk characteristics as trade receivables. The impairment of receivables is disclosed in the table below.

- Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables
- Trade receivables
- Contract assets
- Other receivables
- Cash and bank balances

Reconciliation of impairment on financial assets

	Notes	₦'million	$'000
As at 1 January 2022		**30,908**	**75,032**

Decrease in provision for Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables	23.2	(3,700)	(8,720)
Decrease in provision for Nigerian National Petroleum Corporation (NNPC) receivables	23.3	(325)	(766)
Increase in provision for trade receivables	23.1	1,383	3,259
Increase in provision for cash and bank balances: short term fixed deposits	26	-	-
Increase in receivables from joint venture (ANOH)	23.5	126	296
Increase in provision of other receivables - Crestar	23.4	5,076	11,961
Increase in contract asset	24	170	402
Impairment charge from the profit or loss		**2,730**	**6,432**
Exchange difference		-	-
As at 31 December 2022		**33,638**	**81,464**

	Notes	₦'million	$'000
As at 1 January 2021		**17,689**	**52,471**
Increase in provision for Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables	23.2	1,848	4,614
Increase in provision for Nigerian National Petroleum Corporation (NNPC) receivables	23.3	108	270
Increase in provision for trade receivables	23.1	7,079	17,676
Increase in provision for cash and bank balances: short term fixed deposits	26	-	-
Increase in provision of other receivables	23.4	-	-
Increase in contract asset	24	-	1
Impairment charge to the profit or loss		**9,035**	**22,561**
Exchange difference		4,184	-
As at 31 December 2021		**30,908**	**75,032**

The parameters used to determine impairment for NEPL receivables, NNPC receivables, other receivables and short-term fixed deposits are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equate the lifetime PD for stage 2 as the maximum contractual period over which the Group is exposed to credit risk arising from the receivables is less than 12 months.

	Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables	Nigerian National Petroleum Corporation (NNPC) receivables	Other receivables	Short term fixed deposits
Probability of Default (PD)	The 12-month sovereign cumulative PD for base case, downturn and upturn respectively is 4.1 1%, 4.32%, and 3.90%, for stage 1 and stage 2. The PD for stage 3 is 100%.	The 12-month sovereign cumulative PD for base case, downturn and upturn respectively is 4. 11% ,4.32%, and 3.90%, for stage 1 and stage 2. The PD for stage 3 is 100%.	The PD for stage 3 is 100%.	The PD for base case, downturn and upturn is 4.11%, 4.32% and 3.90% respectively for stage 1 and stage 2. The PD for stage 3 is 100%.

Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate and mapped based on the priority rating of the receivable, for emerging economies.	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate and mapped based on the priority rating of the receivable, for emerging economies.	The 12-month LGD and lifetime LGD were determined using Management's estimate of expected cash recoveries.	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate bonds for emerging economies.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the short-term fixed deposits to credit risk.
Macroeconomic indicators	The historical inflation and Brent oil price were used.	The historical inflation and Brent oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.
Probability weightings	20%, 50%, and 30%, was used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	20%, 50%, and 30%, was used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	20%, 50%, and 30%, of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	20%, 50%, and 30%, of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.

The Group considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation as shown below:

- Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).
- Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as the increase in political risk concerns or other macro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.
- Stage 3: This stage includes financial assets that have been assessed as being in default (i.e., receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

i. Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables

NEPL receivables represent the outstanding cash calls due to Seplat from its Joint venture partner, Nigerian Petroleum Development Company. The Group applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for NEPL receivables.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The ECL was calculated based on actual credit loss experience from 2014, which is the date the Group initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

There was no write-off during the year (2021: Nil). (See details in Note 23.2).

	Stage 1	Stage 2	Stage 3	
31 December 2022	12-month ECL	Lifetime ECL	Lifetime ECL	Total

	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	-	41,853	-	41,853
Loss allowance	-	(1,467)	-	(1,467)
Net Exposure at Default (EAD)	**-**	**40,386**	**-**	**40,386**

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
31 December 2021	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	-	39,514	-	39,514
Loss allowance	-	(4,943)	-	(4,943)
Net Exposure at Default (EAD)	**-**	**34,571**	**-**	**34,571**

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
31 December 2022	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	-	93,602	-	93,602
Loss allowance	-	(3,280)	-	(3,280)
Net Exposure at Default (EAD)	**-**	**90,322**	**-**	**90,322**

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
31 December 2021	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	-	95,924	-	95,924
Loss allowance	-	(12,000)	-	(12,000)
Net Exposure at Default (EAD)	**-**	**83,924**	**-**	**83,924**

ii. Nigerian National Petroleum Corporation (NNPC) receivables

NNPC receivables represent the outstanding cash calls due to Seplat from its Joint Operating Arrangement (JOA) partner, Nigerian National Petroleum Corporation. The Group applies the general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for NNPC receivables.

The ECL was calculated based on actual credit loss experience from 2016, which is the date the Group initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty. The tables below show the expected credit losses for the year ended 31 December 2022 and 31 December 2021.

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
31 December 2022	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	-	15,791	-	15,791
Loss allowance	-	(380)	-	(380)
Net Exposure at Default (EAD)	**-**	**15,411**	**-**	**15,411**

31 December 2022	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	35,316	-	35,316
Loss allowance	-	(849)	-	(849)
Net Exposure at Default (EAD)	**-**	**34,467**	**-**	**34,467**

31 December 2021	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	8,269	2,550	10,819
Loss allowance	-	(80)	(585)	(665)
Net Exposure at Default (EAD)	**-**	**8,189**	**1,965**	**10,154**

31 December 2021	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	20,075	6,190	26,265
Loss allowance	-	(195)	(1,420)	(1,615)
Net Exposure at Default (EAD)	**-**	**19,880**	**4,770**	**24,650**

iii. Trade receivables (Gerugu Power, Sapele Power, Nigerian Gas Marketing Company, Pan ocean, Oghareki and Summit)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The impairment of trade receivables (Gerugu Power, Sapele Power, NGMC, Pan Ocean, Oghareki and Summit) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	112	1,030	176	488	488	23,430	25,724
Expected loss rate	12%	12%	13%	29%	29%	87%	
Lifetime ECL (Note 23.1)	(14)	(128)	(23)	(143)	(143)	(9,980)	(10,430)
Total	**98**	**903**	**153**	**345**	**345**	**13,450**	**15,294**

31 December 2021	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	-	20,206	386	2,775	2,264	8,665	34,296
Expected loss rate	2%	2%	39%	39%	70%	70%	

Lifetime ECL (Note 23.1)	-	(326)	(167)	(1,069)	(1,578)	(5,244)	(8,384)
Total	**-**	**19,880**	**219**	**1,706**	**686**	**3,421**	**25,912**

31 December 2022	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	250	2,307	395	1,092	1,092	52,400	57,536
Expected loss rate	12%	12%	13%	29%	29%	87%	
Lifetime ECL (Note 23.1)	(31)	(286)	(51)	(319)	(319)	(22,318)	(23,325)
Total	**219**	**2,021**	**344**	**773**	**773**	**30,081**	**34,211**

31 December 2021	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	-	49,052	936	6,737	5,496	21,035	83,256
Expected loss rate	2%	2%	39%	39%	70%	70%	
Lifetime ECL (Note 23.1)	-	(792)	(405)	(2,595)	(3,831)	(12,729)	(20,352)
Total	**-**	**48,260**	**531**	**4,142**	**1,665**	**8,306**	**62,904**

iv. Trade receivables (Mercuria)

The impairment of trade receivables (Mercuria) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2022 was nil.

v. Trade receivables (Pillar)

The impairment of trade receivables (Pillar) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	435	3,912	-	34	34	323	4,738
Expected loss rate	5%	5%	5%	6%	6%	100%	
Lifetime ECL (Note 23.1)	(23)	(202)	-	(2)	(2)	(323)	(552)
Total	**412**	**3,710**	**-**	**32**	**32**	**-**	**4,186**

31 December 2021	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount		-	11	-	-	391	402
Expected loss rate	3%	4%	4%	17%	100%	100%	
Lifetime ECL (Note 23.1)	-	-	-	-	-	(391)	(391)
Total	**-**	**-**	**11**	**-**	**-**	**-**	**11**

31 December 2022	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	972	8,750	-	76	76	722	10,595
Expected loss rate	5%	5%	5%	6%	6%	100%	
Lifetime ECL (Note 23.1)	(51)	(453)	-	(4)	(4)	(722)	(1,235)
Total	**921**	**8,297**	**-**	**71**	**71**	**-**	**9,361**

31 December 2021	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	-	-	26	-	-	948	974
Expected loss rate	3%	4%	4%	17%	100%	100%	
Lifetime ECL (Note 23.1)	-	-	(1)	-	-	(948)	(949)
Total	**-**	**-**	**25**	**-**	**-**	**-**	**25**

vi. Contract assets

The expected credit losses on contract assets was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed during a particular period. The expected loss rates as at 31 December 2022 and 2021 is shown below:

31 December 2022	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	3,493	-	-	-	-	-	3,493
Expected loss rate	0.05%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 24)	(180)	-	-	-	-	-	(180)
Total	**3,313**	**-**	**-**	**-**	**-**	**-**	**3,313**

31 December 2021	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	1,679	-	-	-	-	-	1,679
Expected loss rate	0.03%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 23.1)	-	-	-	-	-	-	-
Total	**1,679**	**-**	**-**	**-**	**-**	**-**	**1,679**

31 December 2022	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	7,811	-	-	-	-	-	7,811
Expected loss rate	0.05%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 24)	(403)	-	-	-	-	-	(403)
Total	**7,408**	**-**	**-**	**-**	**-**	**-**	**7,408**

31 December 2021	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	4,077	-	-	-	-	-	4,077
Expected loss rate	0.03%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 23.1)	(1)	-	-	-	-	-	-
Total	**4,076**	**-**	**-**	**-**	**-**	**-**	**4,076**

vii. Other receivables

Other receivables are amounts outside the usual operating activities of the Group. Included in other receivables is a receivable amount on an investment that is no longer being pursued. The Group applied the general approach in estimating the expected credit loss.

31 December 2022	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	-	47,364	47,364
Loss allowance	-	-	(18,668)	(18,668)
Exchange difference	-	-	(6,944)	(6,944)
Net Exposure at Default (EAD)	**-**	**-**	**21,752**	**21,752**

31 December 2021	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	-	23,473	23,473
Loss allowance	-	-	(15,303)	(15,303)
Exchange difference	-	-	(3,365)	(3,365)
Net Exposure at Default (EAD)	**-**	**-**	**4,805**	**4,805**

31 December 2022	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	-	105,924	105,924
Loss allowance	-	-	(57,280)	(57,280)
Net Exposure at Default (EAD)	**-**	**-**	**48,644**	**48,644**

31 December 2021	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	-	53,208	53,208
Loss allowance	-	-	(45,319)	(45,319)

Net Exposure at Default (EAD)	**-**	**-**	**7,889**	**7,889**

viii. Cash and cash equivalent

Short-term fixed deposits

The Group applies the IFRS 9 general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for cash and cash equivalents. The ECL was calculated as the probability weighted estimate of the credit losses expected to occur over the contractual period of the facility after considering macroeconomic indicators.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	22,906	-	-	22,906
Loss allowance	(110)	-	-	(110)
Net Exposure at Default (EAD)	**22,796**	**-**	**-**	**22,796**
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2021	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	29,182	-	-	29,182
Loss allowance	(101)	-	-	(101)
Net Exposure at Default (EAD)	**29,081**	**-**	**-**	**29,081**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	51,229	-	-	51,229
Loss allowance	(246)	-	-	(246)
Net Exposure at Default (EAD)	**50,983**	**-**	**-**	**50,983**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2021	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	70,842	-	-	70,842
Loss allowance	(246)	-	-	(246)
Net Exposure at Default (EAD)	**70,596**	**-**	**-**	**70,596**

Other cash and bank balances

The group assessed the other cash and bank balances to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2022 (2021: nil). The assets are assessed to be in stage 1.

Credit quality of cash and bank balances (including restricted cash)

The credit quality of the Group's cash and bank balances are assessed on the basis of external credit ratings (Fitch national long-term ratings) as shown below cash and bank balances are all in Stage 1 based on the ECL assessment:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Non-rated	-	-	-	-
BBB-	13,543	24,903	30,289	60,455
A	415	134	926	326
A+	121,513	94,973	271,774	230,557
AA-	24,513	10,274	54,824	24,941
AA+	-	-	-	-
AAA-	-	10,087	-	24,486
AAA	31,618		70,713	
	191,602	**140,371**	**428,526**	**340,765**
Allowance for impairment recognised during the year (Note 26)	(110)	(101)	(246)	(246)
Net cash and cash bank balances	**191,492**	**140,270**	**428,280**	**340,519**

c) Maximum exposure to credit risk – financial instruments subject to impairment

The Group estimated the expected credit loss on NEPL receivables, NNPC receivables and short-term fixed deposits by applying the general model. The gross carrying amount of financial assets represents the Group's maximum exposure to credit risks on these assets.

All financial assets impaired using the General model (NEPL, NNPC and short-term fixed deposits) are graded under the standard monitoring credit grade (rated B- under Standard and Poor's unmodified ratings) and are classified under Stage 1, except for the other receivables which are graded under the investment grade (rated AA under Standard and Poor's unmodified ratings) and classified in Stage 2 and Stage 3.

d) Roll forward movement in loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or Stage 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslation for assets dominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

The following tables explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Nigerian National Petroleum Corporation Exploration (NEPL) receivables

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2022	-	**4,943**	-	-	**4,943**

Movements with profit or loss impact	(3,700)	-	-	-	(3,700)
New financial assets originated or purchased	-	-	-	-	-
Total net profit or loss charge during the period	(3,700)	-	-	-	(3,700)
Exchange difference	**3,700**	**(3,476)**	**-**	**-**	**224**
Loss allowance as at 31 December 2022	**-**	**1,467**	**-**	**-**	**1,467**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2022	**-**	**12,000**	**-**	**-**	**12,000**
Movements with profit or loss impact	(8,720)	-	-	-	(8,720)
New financial assets originated or purchased	-	-	-	-	-
Total net profit or loss charge during the period	**(8,720)**	**-**	**-**	**-**	**(8,720)**
Loss allowances as at 31 December 2022	**(8,720)**	**12,000**	**-**	**-**	**3,280**

Nigerian National Petroleum Corporation Limited (NNPC) receivables

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2022	**-**	**80**	**585**	**-**	**665**
Movements with profit or loss impact	-	(325)	-	-	(325)
New financial assets originated or purchased	-	-	-	-	-
Total net profit or loss charge during the period	**-**	**(325)**	**-**	**-**	**(325)**
Exchange difference	-	625	(585)	-	40
Loss allowance as at 31 December 2022	**-**	**380**	**-**	**-**	**380**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2022	-	**195**	**1,420**	**-**	**1,615**
Movements with profit or loss impact	-	(766)	-	-	(766)
New financial assets originated or purchased	-	-	-	-	-
Total net profit or loss charge during the period	**-**	**(766)**	**-**	**-**	**(766)**
Loss allowance as at 31 December 2022	**-**	**(571)**	**-**	**-**	**849**

Other receivables

	Stage 1	Stage 2	Stage 3

	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2022	**-**	**-**	**18,668**	**-**	**18,668**
Movements with profit or loss impact	-	-	5,076	-	5,076
Changes in PDs/LGDs/EADs	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Total net profit or loss charge during the period	**-**	**-**	**5,076**	**-**	**5,076**
Other movements with no profit or loss impact					
Exchange difference	-	-	6,944	-	6,944
Loss allowance as at 31 December 2022	**-**	**-**	**25,612**	**-**	**25,612**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2022	**-**	**-**	**45,319**	**-**	**45,319**
Movements with profit or loss impact	-	-	11,961	-	11,961
Changes in PDs/LGDs/EADs	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Total net profit or loss charge during the period	**-**	**-**	**11,961**	**-**	**11,961**
Loss allowance as at 31 December 2022	**-**	**-**	**57,280**	**-**	**57,280**

Short-term fixed deposit

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2022	**101**	**-**	**-**	**-**	**101**
Movements with profit or loss impact	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Total net profit or loss charge during the period	**101**	**-**	**-**	**-**	**101**
Other movements with no profit or loss impact					
Exchange difference	9	-	-	-	9
Loss allowance as at 31 December 2022	**110**	-	-	-	**110**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2022	**246**	**-**	**-**	**-**	**246**

Movements with profit or loss impact	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Total net profit or loss charge during the period	**246**	**-**	**-**	**-**	**246**
Other movements with no profit or loss impact					
Exchange difference	-	-	-	-	-
Loss allowance as at 31 December 2022	**246**	**-**	**-**	**-**	**246**

e) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Expected cashflows recoverable

The table below demonstrates the sensitivity of the Group's profit before tax to a 20% change in the expected cashflows from financial assets, with all other variables held constant:

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cashflows				
+20%	334	-	747	-
-20%	(334)	-	(747)	-

	Effect on profit before tax 2021	Effect on other components of equity before tax 2021	Effect on profit before tax 2021	Effect on other components of equity before tax 2021
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cash flows				
+20%	148	-	371	-
-20%	(148)	-	(371)	-

ii. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(383)	-	(902)	-
-10%	383	-	902	-

	Effect on profit before tax 2021	Effect on other components of equity before tax 2021	Effect on profit before tax 2021	Effect on other components of equity before tax 2021
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(717)	-	(1,800)	-
-10%	717	-	1,800	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(361)	-	(852)	-
-10%	361	-	852	-

	Effect on profit before tax 2021	Effect on other components of equity before tax 2021	Effect on profit before tax 2021	Effect on other components of equity before tax 2021
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(679)	-	(1,704)	-
-10%	679	-	1,704	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(107)	-	(252)	-
-10%	107	-	252	-

	Effect on profit before tax 2021	Effect on other components of equity before tax 2021	Effect on profit before tax 2021	Effect on other components of equity before tax 2021
	₦ million	₦ million	$'000	$'000

Increase/decrease in forward looking macroeconomic indicators				
+10%	(19)	-	(48)	-
-10%	19	-	48	-

5.1.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest bearing current accounts and time deposits.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**11,575**	**22,837**	**22,900**	**324,921**	**382,233**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	5,446	7,523	6,777	1,823	21,569
The Stanbic IBTC Bank Plc	8.00% + SOFR	5,560	7,679	6,918	1,860	22,017
The Standard Bank of South Africa Limited	8.00% + SOFR	3,177	4,389	3,953	1,063	12,582
First City Monument Bank Limited	8.00% + SOFR	1,418	1,959	1,765	475	5,617
Shell Western Supply and Trading Limited	10.5% + SOFR	1,206	1,134	1,058	4,082	7,481
Total variable interest borrowings		**16,808**	**22,684**	**20,471**	**9,303**	**69,266**
Other non – derivatives						
Trade and other payables**		205,622	-	-	-	205,622
Lease liability		1,800	(30)	30	-	1,800
		207,422	**(30)**	**30**	**-**	**207,422**
Total		**235,805**	**45,490**	**43,401**	**334,224**	**658,920**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2021						
Non – derivatives						

Fixed interest rate borrowings						
Senior notes	7.75%	**20,751**	**20,751**	**20,751**	**298,881**	**361,134**
Variable interest rate borrowings						
Citibank, N.A., London Branch	8.00% + USD LIBOR	1,298	4,390	6,456	7,650	19,794
Nedbank Limited London	8.00% + USD LIBOR	1,324	4,481	6,590	7,810	20,205
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	757	2,561	3,766	4,463	11,547
The Standard Bank of South Africa Limited	8.00% + USD LIBOR	338	1,143	1,681	1,992	5,154
RMB International (Mauritius) Limited	10.5% + USD LIBOR	486	924	876	4,422	6,708
Total variable interest borrowings		**4,203**	**13,499**	**19,369**	**26,337**	**63,408**
Other non – derivatives						
Trade and other payables**		151,204	-	-	-	151,204
Lease liability		1,950	66	28	-	2,044
		153,154	66	28	-	153,248
Total		**178,108**	**34,316**	**40,148**	**325,218**	**577,790**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**25,887**	**51,075**	**51,215**	**726,682**	**854,859**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	12,181	16,825	15,156	4,076	48,238
The Stanbic IBTC Bank Plc	8.00% + SOFR	12,434	17,176	15,472	4,161	49,243
The Standard Bank of South Africa Limited	8.00% + SOFR	7,105	9,815	8,841	2,378	28,139
First City Monument Bank Limited	8.00% + SOFR	3,172	4,382	3,947	1,062	12,563
Shell Western Supply and Trading Limited	10.5% + SOFR	2,695	2,536	2,368	9,130	16,729
Total variable interest borrowings		**37,587**	**50,734**	**45,784**	**20,807**	**154,912**
Other non – derivatives						
Trade and other payables**		459,869	-	-	-	459,869
Lease liability		4,025	(67)	67	-	4,025
		463,894	**(67)**	**67**	**-**	**463,894**
Total		**527,368**	**101,742**	**97,066**	**747,489**	**1,473,665**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2021						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**50,375**	**50,375**	**50,375**	**725,563**	**876,688**
Variable interest rate borrowings						
Citibank, N.A., London Branch	8.00% + USD LIBOR	3,150	10,656	15,672	18,572	48,050
Nedbank Limited London	8.00% + USD LIBOR	3,215	10,878	15,998	18,959	49,050
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	1,837	6,216	9,142	10,834	28,029
The Standard Bank of South Africa Limited	8.00% + USD LIBOR	820	2,775	4,081	4,836	12,512
RMB International (Mauritius) Limited	10.5% + USD LIBOR	1,179	2,243	2,126	10,734	16,282
Total variable interest borrowings		**10,201**	**32,768**	**47,019**	**63,935**	**153,923**
Other non – derivatives						
Trade and other payables**		367,058	-	-	-	367,058
Lease liability		4,733	160	67	-	4,960
		371,791	**160**	**67**	**-**	**372,018**
Total		**432,367**	**83,303**	**97,461**	**789,498**	**1,402,629**

**Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables)

5.1.5 Fair value measurements

Set out below is a comparison by category of carrying amounts and fair value of all financial instruments:

	Carrying amount		Fair value	
	2022	2021	2022	2021
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables*	102,085	78,869	102,085	78,869
Contract assets	3,313	1,679	3,313	1,679
Cash and cash equivalents	180,786	133,667	180,786	133,667
	286,184	**214,215**	**286,184**	**214,215**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	344,381	315,791	331,384	307,447
Trade and other payables**	178,128	136,619	178,128	136,619
	522,509	**452,410**	**509,512**	**444,066**

Financial liabilities at fair value				
Derivative financial instruments (Note 25)	(1,435)	(1,543)	(1,435)	(1,543)
	(1,435)	**(1,543)**	**(1,435)**	**(1,543)**

	Carrying amount		Fair value	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	228,312	191,463	228,312	191,463
Contract assets	7,408	4,076	7,408	4,076
Cash and cash equivalents	404,336	324,490	404,336	324,490
	640,056	**520,029**	**640,056**	**520,029**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	770,203	766,614	741,137	746,358
Trade and other payables**	398,380	331,655	398,380	331,655
	1,168,583	**1,098,269**	**1,139,517**	**1,078,013**
Financial liabilities at fair value				
Derivative financial instruments (Note 25)	(3,210)	(3,745)	(3,210)	(3,745)
	(3,210)	**(3,745)**	**(3,210)**	**(3,745)**

*Trade and other receivables exclude Geregu Power, Sapele Power and NGMC VAT receivables, cash advances and advance payments.

In determining the fair value of the interest-bearing loans and borrowings, non-performance risks of the Group as at year-end were assessed to be insignificant.

**Trade and other payables (excluding non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding prepayments), contract assets and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature.

5.1.6 Fair Value Hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers of financial instruments between fair value hierarchy levels during the year.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Recurring fair value measurements

Financial liability

31 Dec 2022	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000

Financial liabilities:						
Derivative financial instruments	-	1,435	-	-	3,210	-

31 Dec 2021	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Derivative financial instruments	-	1,543	-	-	3,735	-

The fair value of the Group's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models. The derivative financial instruments are in level 2.

31 Dec 2022	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest bearing loans and borrowings	-	331,384	-	-	741,137	-

31 Dec 2021	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest bearing loans and borrowings	-	307,447	-	-	746,358	-

The fair value of the Group's interest-bearing loans and borrowings is determined by using discounted cash flow models that use market interest rates as at the end of the period. The interest-bearing loans and borrowings are in level 2.

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the General Manager (GM) Commercial who reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the GM and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

5.1.7 Capital management

Risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio, net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Interest bearing loans and borrowings	344,381	315,791	770,203	766,614

Lease liabilities	1,800	1,471	4,025	3,571
Less: cash and cash equivalents	(180,786)	(133,667)	(404,336)	(324,490)
Net debt	**165,395**	**183,595**	**369,892**	**445,695**
Total equity	786,894	703,364	1,759,883	1,707,486
Total capital	**952,289**	**886,959**	**2,129,775**	**2,153,181**
Net debt (net debt/total capital) ratio	17%	21%	17%	21%

During the year, the Group's strategy which was unchanged from 2021, was to maintain a net debt gearing ratio of 20% to 40%. Capital includes share capital, share premiums, capital contribution and all other equity reserves.

As the Group continuously reviews its funding and maturity profile, it continues to monitor the market in ensuring that its well positioned for any refinancing and or buy back opportunities for the current debt facilities.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Total net financial indebtedness to annualised EBITDA is not to be greater than 3:1;
- The sources of funds exceed the relevant expenditures in each semi-annual period within the 18 months shown in the Group's liquidity plan.
- The minimum production levels stipulated for each 6-month period must be achieved.
- The Cash Adjusted Debt Service Cover Ratio should equal to or greater than 1.20 to 1 for each Calculation Period through to the applicable Termination Date.

The Group has complied with these covenants throughout the reporting periods.

6. Segment reporting

Business segments are based on the Group's internal organisation and management reporting structure. The Group's business segments are the two core businesses: Oil and Gas. The Oil segment deals with the exploration, development and production of crude oil while the Gas segment deals with the production and processing of gas. These two reportable segments make up the total operations of the Group.

For the year ended 31 December 2022, revenue from the gas segment of the business constituted 12% (2021: 16%) of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the (chief operating decision maker). As the gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

The result is two reporting segments, Oil and Gas. There were no intersegment sales during the reporting periods under consideration, therefore all revenue was from external customers.

Amounts relating to the gas segment are determined using the gas cost centres, with the exception of depreciation. Depreciation relating to the gas segment is determined by applying a percentage which reflects the proportion of the Net Book Value of oil and gas properties that relates to gas investment costs (i.e., cost for the gas processing facilities).

The Group accounting policies are also applied in the segment reports.

6.1 Segment profit disclosure

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Oil	31,204	26,251	73,524	65,539
Gas	13,229	20,680	31,182	51,637
Total profit for the year	**44,433**	**46,931**	**104,706**	**117,176**

	2022	2021	2022	2021

Oil	₦'million	₦'million	$'000	$'000
Revenue from contract with customers				
Crude oil sales (Note 7)	356,192	247,651	839,344	618,377
Operating profit before depreciation, amortisation and impairment	145,014	146,036	341,719	364,637
Depreciation, amortization and impairment	(54,610)	(68,388)	(128,684)	(170,762)
Operating profit	**90,404**	**77,648**	**213,035**	**193,875**
Finance income (Note 13)	491	126	1,157	314
Finance costs (Note 13)	(28,916)	(30,516)	(68,141)	(76,197)
Profit before taxation	61,979	47,258	146,051	117,992
Income tax expense (Note 14)	(30,775)	(21,007)	(72,527)	(52,453)
Profit for the year	**31,204**	**26,251**	**73,524**	**65,539**

	2022	2021	2022	2021
Gas	₦'million	₦'million	$'000	$'000
Revenue from contract with customers				
Gas sales (Note 7)	47,721	45,980	112,451	114,811
Operating profit before depreciation, amortisation and impairment	27,269	23,776	64,258	59,368
Depreciation, amortisation and impairment	(1,084)	(1,023)	(2,553)	(2,555)
Operating profit	**26,185**	**22,753**	**61,705**	**56,813**
Share of profit from joint venture accounted for using equity accounting	(1,434)	1,017	(3,380)	2,540
Profit/(loss) before taxation	24,751	23,770	58,325	59,353
Income tax (expense)/credit (Note 14)	(11,522)	(3,090)	(27,143)	(7,716)
Profit for the year	**13,229**	**20,680**	**31,182**	**51,637**

During the reporting period, impairment losses recognised in the oil segment relate to trade receivables (Pillar, Pan Ocean, Oghareki and Summit) NEPL, NNPC and other receivables. Impairment losses recognised in the gas segment relates to Geregu Power, Sapele Power and NGMC. See Note 11 for further details.

6.1.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of commodities at a point in time or over time and from different geographical regions.

	2022	2022	2022	2022	2022	2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	$'000	$'000	$'000
Geographical markets						
The Bahamas	69,128	-	69,128	162,897	-	162,897
Nigeria	45,067	47,721	92,788	106,197	112,451	218,648
Italy	791	-	791	1,863	-	1,863
Switzerland	229,119	-	229,119	539,903	-	539,903
Barbados	12,087	-	12,087	28,484	-	28,484

Revenue from contract with customers	**356,192**	**47,721**	**403,913**	**839,344**	**112,451**	**951,795**
Timing of revenue recognition						
At a point in time	356,192	-	356,192	839,344	-	839,344
Over time	-	47,721	47,721	-	112,451	112,451
Revenue from contract with customers	**356,192**	**47,721**	**403,913**	**839,344**	**112,451**	**951,795**

	2021	2021	2021	2021	2021	2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	$'000	$'000	$'000
Geographical markets						
The Bahamas	68,425	-	68,425	170,855	-	134,307
Nigeria	5,499	45,980	51,479	13,730	114,811	128,541
Italy	7,798	-	7,798	19,471	-	19,471
Switzerland	157,128	-	157,128	392,345	-	392,345
Barbados	8,801	-	8,801	21,976	-	21,976
Revenue from contract with customers	**247,651**	**45,980**	**293,631**	**618,377**	**114,811**	**733,188**
Timing of revenue recognition						
At a point in time	247,651	-	247,651	618,377	-	618,377
Over time	-	45,980	45,980	-	114,811	114,811
Revenue from contract with customers	**247,651**	**45,980**	**293,631**	**618,377**	**114,811**	**733,188**

The Group's transactions with its major customer, Mercuria, constitutes more than 60% ($539.9 million, ₦229.1 billion) of the total revenue from the oil segment and the Group as a whole. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura ($112 million, ₦47.7 billion) accounted for the total revenue from the gas segment.

6.1.2 Impairment (losses)/reversal on financial assets by reportable segments

	2022	2022	2022	2021	2021	2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment (losses)/reversal recognised during the year	(2,727)	(3)	(2,730)	5,960	3,075	9,035
	(2,727)	**(3)**	**(2,730)**	**5,960**	**3,075**	**9,035**

	2022	2022	2022	2021	2021	2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000

Impairment (losses)/reversal recognised during the year	(6,425)	(7)	(6,432)	14,883	7,678	22,561
	(6,425)	**(7)**	**(6,432)**	**14,883**	**7,678**	**22,561**

6.1.3 Impairment losses on non-financial assets by reportable segments

	2022 Oil ₦'million	2022 Gas ₦'million	2022 Total ₦'million	2021 Oil ₦'million	2021 Gas ₦'million	2021 Total ₦'million
Impairment losses recognised during the year	-	-	-	(23,684)	-	(23,684)
	-	**-**	**-**	**(23,684)**	**-**	**(23,684)**

	2022 Oil $'000	2022 Gas $'000	2022 Total $'000	2021 Oil $'000	2021 Gas $'000	2021 Total $'000
Impairment losses recognised during the year	-	-	-	(59,138)	-	(59,138)
	-	**-**	**-**	**(59,138)**	**-**	**(59,138)**

6.2 Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

Total segment assets	Oil ₦'million	Gas ₦'million	Total ₦'million	Oil $'000	Gas $'000	Total $'000
31 December 2022	1,279,802	301,810	1,581,612	2,862,263	674,994	3,537,257
31 December 2021	1,393,987	209,549	1,603,536	3,384,033	508,701	3,892,734

6.3 Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Total segment liabilities	Oil ₦'million	Gas ₦'million	Total ₦'million	Oil $'000	Gas $'000	Total $'000
31 December 2022	654,939	139,779	794,718	1,464,761	312,613	1,777,374
31 December 2021	690,623	209,549	900,172	1,676,547	508,701	2,185,248

7. Revenue from contracts with customers

	2022 ₦ million	2021 ₦ million	2022 $'000	2021 $'000
Crude oil sales	356,192	247,651	839,344	618,377
Gas sales	47,721	45,980	112,451	114,811
	403,913	**293,631**	**951,795**	**733,188**

The major off-takers for crude oil are Mercuria and Shell West. The major off-takers for gas are Geregu Power, Sapele Power, Nigerian Gas Marketing Company and Azura.

8. Cost of sales

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Royalties	76,712	51,997	180,765	129,836
Depletion, depreciation and amortisation (Note 16.4)	54,610	56,503	128,684	141,086
Crude handling fees	20,984	21,009	49,447	52,457
Nigeria Export Supervision Scheme (NESS) fee	419	250	987	624
Barging and Trucking	5,203	4,702	12,262	11,741
Niger Delta Development Commission Levy	4,561	1,741	10,748	4,346
Operational & maintenance expenses	44,207	43,212	104,166	107,909
	206,696	**179,414**	**487,059**	**447,999**

Operational & maintenance expenses relates mainly to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Also included in operational and maintenance expenses is gas flare penalty of $5.2 million, ₦ 2.2 billion (2021: $14.1 million ₦5.6 billion) and inventory write down of $8.5 million, ₦3.6 billion on Solewant line pipes (2021: nil).

Barging and Trucking costs relates to costs on the OML 40 Gbetiokun field and OML 17 Ubima field respectively under Eland Group.

9. Other (loss)/income

	2022	2021	2022	2021
	₦ million	₦'million	$'000	$'000
(Overlift)/Underlift	(11,547)	5,587	(27,209)	13,950
Loss on foreign exchange	(454)	(1,755)	(1,068)	(4,381)
Loss on disposal of oil and gas asset – Note 16.3.2	(5,548)	-	(13,073)	-
Loss on disposal of property, plant and equipment – (Note 16.3.1)	(8)	-	(18)	-
Provision no longer required	-	2,147	-	5,362
Tariffs	1,638	2,077	3,861	5,187
Others	617	-	1,453	-
	(15,302)	**8,056**	**(36,054)**	**20,118**

Overlifts/Underlifts are surplus/shortfalls of crude lifted above/below the share of production. It may exist when the crude oil lifted by the Group during the period is more/less than its ownership share of production. The surplus/shortfall is initially measured at the market price of oil at the date of lifting and recognised as other loss/income. At each reporting period, the surplus/shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other loss/income.

Loss on foreign exchange are principally due to the translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

Loss on disposal of oil and gas asset relates to the loss on the sale of Ubima field.

Provision no longer required in the prior year relates to the reversal of decommissioning obligation no longer required for Eland operations.

Tariffs which is a form of crude handling fee, relate to income generated from the use of the Group's pipeline.

Others represents other income, joint venture billing interest and joint venture billing finance fees.

10. General and administrative expenses

	2022	2021	2022	2021
	₦ million	₦'million	$'000	$'000
Depreciation (Note 16.2)	1,735	2,003	4,092	5,000
Depreciation of right-of-use assets (Note 18)	2,297	1,870	5,413	4,670
Auditor's remuneration	424	392	999	980
Professional and consulting fees	14,305	4,915	33,708	12,274
Directors' emoluments (executive)	875	897	2,062	2,240
Directors' emoluments (non-executive)	2,677	1,844	6,308	4,604
Loss on disposal of other property, plant and equipment – (Note 16.3.1)	-	89	-	222
Donations	13	173	30	433
Employee benefits (Note 10.1)	23,192	17,268	54,654	43,116
Flights and other travel costs	4,256	1,992	10,031	4,977
Rentals and other general expenses	8,525	631	20,088	1,574
	58,299	**32,074**	**137,385**	**80,090**

Directors' emoluments have been split between executive and non-executive directors.

Flights and other travel costs increases were driven by higher travel and training costs following the relaxation of travel restrictions.

Rentals and other general expenses consist of training fees, software license and maintenance fees.

10.1 Employee benefits - Salaries and employee related costs include the following:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Short term employee benefits:				
Basic salary	12,317	10,262	29,025	25,623
Housing allowances	1,441	1,763	3,394	4,403
Other allowances	3,931	2,652	9,265	6,621
Post-employment benefits:				
Defined contribution expenses	1,329	943	3,132	2,354
Defined benefit expenses (Note 33.2)	700	439	1,650	1,095
Other employee benefits:				
Share based payment expenses (Note 27.4)	3,474	1,209	8,188	3,020
	23,192	**17,268**	**54,654**	**43,116**

Other allowances relate to staff bonus, car allowances and relocation expenses.

10.2 Below are details of non-audit services provided by the auditors:

Entity	Service	PwC office	Fees ($)	Year
Seplat Energy Plc	Renumeration committee advice	PwC UK	414,000	2022
Seplat Energy Plc	Project Apollo (Reporting accountant)	PwC Nigeria	394,555	2022

10.3 Below are details of assurance service providers to the Group during the year:

S/N	Name of Signer	Name of firm	Service rendered
1	Tosin Famurewa* Stephen.T. Philips*	Ryder Scott Petroleum Consultants	Reserve valuation
2	Chidiebere Orji (FRC/2021/004/00000022718)	Logic Professional Service (FRC/2020/00000013617)	Actuarial valuation service
3	Reuben Temerigha* (FRC/2023/PRO/DIR/003/866111)	Westend Diamond Nigeria Limited	Drilling rigs valuation

*The signers and firms do not have FRCN numbers.

11. Impairment loss

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Impairment losses on financial assets-net (Note 11.1)	2,730	9,035	6,432	22,561
Impairment loss on non-financial assets (Note 11.2)	-	6,216	-	15,521
Reversal of impairment on non-financial asset (Note 11.2)	-	(29,900)	-	(74,659)
	2,730	**(14,649)**	**6,432**	**(36,577)**

11.1 Impairment losses/(reversal) on financial assets-net

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Impairment losses/(reversal) on:				
NNPC receivables	(325)	108	(766)	270
NEPL receivables	(3,700)	1,848	(8,720)	4,614
Trade receivables (Geregu Power, Sapele Power and NGMC)	1,383	7,006	3,259	17,493
Receivables from joint venture (ANOH)	126	-	296	-
Contract asset	170	-	402	1
Other trade receivables	5,076	73	11,961	183
	2,730	**9,035**	**6,432**	**22,561**
Exchange difference	-	-	-	-
Total impairment loss allowance	**2,730**	**9,035**	**6,432**	**22,561**

11.2 Impairment loss/(reversal) on non-financial assets:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Impairment loss on non-financial assets (Plant & Machinery)	-	6,027	-	15,049
Impairment loss on non-financial assets (OML 17)	-	189	-	472

Reversal of impairment on non-financial asset (OML 40)	-	(29,900)	-	(74,659)
	-	(23,684)	-	(59,138)

During the period, the Group recognized no impairment loss on non-financial assets (2021: ₦ 6.03 million, ($15.05 million).

12. Fair value gain/(loss)

	2022 ₦ million	2021 ₦ million	2022 $'000	2021 $'000
Realised fair value losses on crude oil hedges	(4,360)	(3,608)	(10,275)	(9,010)
Unrealised fair value gain/(loss)	63	(839)	150	(2,096)
	(4,297)	**(4,447)**	**(10,125)**	**(11,106)**

Fair value loss on derivatives represents changes in the fair value of hedging receivables charged to profit or loss.

13. Finance income/(cost)

	2022 ₦ million	2021 ₦ million	2022 $'000	2021 $'000
Finance income				
Interest income	**491**	**126**	**1,157**	**314**
Finance cost				
Interest on bank loans (Note 30)	(27,761)	(29,765)	(65,418)	(74,322)
Interest on lease liabilities (Note 31)	(161)	(212)	(380)	(530)
Unwinding of discount on provision for decommissioning (Note 32)	(994)	(539)	(2,343)	(1,345)
	(28,916)	**(30,516)**	**(68,141)**	**(76,197)**
Finance (cost) – net	**(28,425)**	**(30,390)**	**(66,984)**	**(75,883)**

Finance income represents interest on short-term fixed deposits.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings denominated in dollars during the year, in this case 7.52% (2021: 7.72%). The amount capitalised during the year is ₦5.9 billion ($14 million), (2021: ₦5 billion, $12.5 million).

14. Taxation

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

Income tax expense

	2022 ₦ million	2021 ₦ million	2022 $'000	2021 $'000

Current tax:				
Current tax expense on profit for the year	24,481	12,317	57,689	30,755
Education tax	4,022	2,603	9,478	6,500
NASENI Levy	221	139	518	346
Police Levy	3	2	8	5
Total current tax	**28,727**	**15,061**	**67,693**	**37,606**
Deferred tax:				
Deferred tax expense in profit or loss (Note 14.3)	13,570	9,036	31,977	22,563
Total tax expense in statement of profit or loss	42,297	24,097	99,670	60,169
Deferred tax recognised in other comprehensive income (Note 14.3)	379	133	892	333
Total tax charge for the period	**42,676**	**24,230**	**100,562**	**60,502**
Effective tax rate	**49%**	**34%**	**49%**	**34%**

14.1 Reconciliation of effective tax rate

The Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated annual tax rate used for the year ended 31 December 2022 is 85% for crude oil activities and 30% for gas activities. As at 31 December 2022, the applicable tax rate was 85% and 30% respectively.

The effective tax rate for the period was 49% (2021: 34%).

A reconciliation between income tax expense and accounting profit before income tax multiplied by the applicable statutory tax rate is as follows:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Profit before taxation	86,730	71,028	204,376	177,345
Tax rate of 85% and 30%	73,721	60,374	173,720	150,743
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Income not subject to tax	(25,349)	(14,649)	(59,733)	(36,579)
Expenses not deductible for tax purposes	(76,309)	100,349	(179,817)	250,570
Impact of unutilised tax losses	65,989	(124,721)	155,496	(311,416)
Education tax	4,022	2,603	9,478	6,500
NASENI levy	220	139	518	346
Police levy	3	2	8	5
Total tax charge in statement of profit or loss	**42,297**	**24,097**	**99,670**	**60,169**

14.2 Current tax liabilities

The movement in the current tax liabilities is as follows:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
As at 1 January	19,094	8,261	46,351	21,739
Tax charge	28,727	15,061	67,693	37,606

Tax paid	(24,415)	(5,203)	(57,532)	(12,994)
Exchange difference	1,862	975	-	-
As at 31 December	**25,268**	**19,094**	**56,512**	**46,351**

14.3 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Balance as at 31 Dec 2021	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Exchange difference	Balance as at 31 Dec 2022
	₦ million	₦ million	₦ million	₦ million	₦ million
Deferred tax assets (Note 14.4)	128,539	62,624	(379)	14,323	205,107
Deferred tax liabilities (Note 14.5)	(42,732)	(76,194)	-	(7,738)	(126,664)
	85,807	**(13,570)**	**(379)**	**6,585**	**78,443**

	Balance as at 31 Dec 2021	(Charged)/credited to profit or loss	Charged to other comprehensive income	Balance as at 31 Dec 2022
	$'000	$'000	$'000	$'000
Deferred tax assets (Note 14.4)	312,041	147,569	(892)	458,718
Deferred tax liabilities (Note 14.5)	(103,736)	(179,546)	-	(283,282)
	208,305	**(31,977)**	**(892)**	**175,436**

In line with IAS 12, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions.

14.4 Deferred tax assets

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

	Balance at 1 January 2022	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Exchange difference	Balance at 31 December 2022
	₦ million	₦ million	₦ million	N million	₦ million
Tax losses	12,686	(3,634)	-	889	9,941
Other cumulative timing differences:					
Accelerated capital deduction	50,421	39,281	-	6,416	96,118
Other temporary differences:					
Provision for abandonment	8,216	3,525	-	891	12,632
Provision for gratuity	7,629	2,730	-	799	11,158
Provision for defined benefit	3,554	(703)	(379)	245	2,717
Unrealised foreign exchange loss	7,056	3,759	-	804	11,619
Overlift	8,432	13,493	-	1,445	23,370
Impairment provision on trade and other receivables	30,547	4,017	-	2,825	37,389
Leases	-	155	-	8	163

	128,539	**62,244**	**(379)**	**14,322**	**205,107**

	Balance at 1 January 2022	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Balance at 31 December 2022
	$'000	$'000	$'000	$'000
Tax losses	30,797	(8,563)	-	22,234
Other cumulative timing differences:				
Accelerated capital deduction	122,401	92,564	-	214,965
Other temporary differences:				
Provision for abandonment	19,944	8,307	-	28,251
Provision for gratuity	18,519	6,434	-	24,953
Provision for defined benefit	8,627	(1,657)	(892)	6,078
Unrealised foreign exchange loss	17,128	8,857	-	25,985
Overlift	20,470	31,796	-	52,266
Impairment provision on trade and other receivables	74,155	9,466	-	83,621
Leases	-	365	-	365
	312,041	**147,569**	**(892)**	**458,718**

*Other temporary differences include provision for defined benefit, provision for Abandonment, share equity reserve.

During the year, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions in line with IAS 12. This led to a deferred tax reclassification of $729 million, ₦300 billion from the deferred tax liabilities to the deferred tax assets as at 1 January 2022.

14.5 Deferred tax liabilities

Deferred tax liabilities are recognised for amounts of income taxes payable in future periods in respect of taxable temporary differences.

	Balance as at 1 January 2022	Charged /(credited) to profit or loss	Exchange difference	Balance at 31 December 2022
	₦ million	₦ million	₦ million	₦ million
Other cumulative timing differences:				
Property, plant & equipment	(35,570)	(71,365)	(6,866)	(113,801)
Leases	(1,408)	1,305	(50)	(154)
Underlift	(5,753)	1,548	(410)	(4,615)
Unrealised foreign exchange loss	-	(7,682)	(412)	(8,094)
	(42,732)	**(76,194)**	**(7,738)**	**(126,664)**

	Balance at 1 January 2021	Charged/(credited) to profit or loss	Balance at 31 December 2021
	$'000	$'000	$'000
Other cumulative timing differences:			
Property, plant and equipment	(86,350)	(168,165)	(254,515)
Leases	(3,419)	3,075	(344)

Underlift	(13,967)	3,647	(10,320)
Unrealised foreign exchange gain	-	(18,103)	(18,103)
	(103,736)	**(179,546)**	**(283,282)**

During the period, the Group elected to offset $729 million, ₦300 billion from the deferred tax liabilities to the deferred tax assets as at 1 January 2022 in line with IAS 12. The net impact of the reclassification remains unchanged in the consolidated statement of financial position.

14.6 Unrecognised deferred tax assets

There were no temporary differences associated with investments in the Group's subsidiaries for which a deferred tax asset would have been recognised in the periods presented.

14.7 Unrecognised deferred tax liabilities

There were no temporary differences associated with investments in the Group's subsidiaries for which a deferred tax liability would have been recognised in the periods presented.

15. Computation of cash generated from operations

		2022	2021	2022	2021
	Notes	₦ million	₦ million	$'000	$'000
Profit before tax		**86,730**	**71,028**	**204,376**	**177,345**
Adjusted for:					
Depletion, depreciation and amortization	16.4	56,345	58,506	132,776	146,086
Depreciation of right-of-use asset	18	2,297	1,870	5,413	4,670
Impairment losses on financial assets	11.1	2,730	9,035	6,432	22,561
Impairment losses on non-financial assets	11.2	-	6,216	-	15,521
Reversal of impairment loss on non-financial assets	11.2	-	(29,900)	-	(74,659)
Loss on disposal of oil and gas asset	16.3	5,548	-	13,073	-
Loss on disposal of other property, plant & equipment	16.3	8	89	18	222
Interest income	13	(491)	(126)	(1,157)	(314)
Interest expense on bank loans	30	27,761	29,765	65,418	74,322
Interest on lease liabilities	31	161	212	380	530
Unwinding of discount on provision for decommissioning	32	994	539	2,343	1,345
Unrealised fair value (gain)/loss on derivatives financial instrument	12	(63)	839	(150)	2,096
Realised fair value loss on derivatives	12	4,360	3,608	10,275	9,010
Unrealised foreign exchange (gain)/loss	9	454	1,755	1,068	4,381
Share based payment expenses	27.4	3,474	1,209	8,188	3,020
Defined benefit expenses		700	439	1,650	1,095
Share of loss/(profit) in joint venture	21.3	1,434	(1,017)	3,380	(2,540)
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		(293)	(8,302)	(691)	(20,729)
Inventories		8,297	(155)	19,551	(387)
Prepayments		4,153	(1,252)	9,786	(3,126)
Contract assets		(1,585)	837	(3,734)	2,090

Trade and other payables	39,386	9,499	91,187	23,718
Contract liabilities	-	(3,793)	-	(9,470)
Net cash from operating activities	**242,400**	**150,901**	**571,206**	**376,787**

16. Property, plant and equipment

16.1 Oil and gas properties

	Production and field facilities	Assets under construction	Exploration and Evaluation assets	Total
Cost	₦ million	₦ million	₦ million	₦ million
At 1 January 2022	**855,944**	**121,337**	**24,901**	**1,002,182**
Additions	28,386	38,952	-	67,338
Transfer	11,127	(11,127)	-	-
Changes in decommissioning obligation (Note 32)	15,631	-	-	15,631
Interest capitalized (Note 30.1)	-	5,943	-	5,943
Reclassification	29,993	9,232	-	39,225
Disposals	(23,457)	-	-	(23,457)
Exchange differences	76,451	12,675	2,128	91,254
At 31 December 2022	**994,075**	**177,013**	**27,029**	**1,198,117**
Depreciation				
At 1 January 2022	**341,437**	**-**	**-**	**341,437**
Charge for the year	50,421	-	-	50,421
Impairment loss	-	-	-	-
Reclassification	34,136	-	-	34,136
Disposals	(2,778)	-	-	(2,778)
Exchange differences	33,562	-	-	33,562
At 31 December 2022	**456,778**	**-**	**-**	**456,778**
NBV				
At 31 December 2022	**537,297**	**177,013**	**27,029**	**741,339**
Cost				
At 1 January 2021	741,974	107,129	22,367	871,470
Additions	25,028	28,955	635	54,618
Transfer	28,888	(28,888)	-	-
Changes in decommissioning obligation (Note 32)	(3,727)	-	-	(3,727)
Interest capitalized (Note 30.1)	-	4,995	-	4,995
Exchange differences	63,781	9,146	1,899	74,826
At 31 December 2021	**855,944**	**121,337**	**24,901**	**1,002,182**
Depreciation				
At 1 January 2021	261,995	-	-	261,995
Charge for the year	55,832	-	-	55,832
Exchange difference	23,610	-	-	23,610

At 31 December 2021	**341,437**	**-**	**-**	**341,437**
NBV				
At 31 December 2021	**514,507**	**121,337**	**24,901**	**660,745**

	Production and field facilities	Assets under construction	Exploration and Evaluation assets	Total
Cost	$'000	$'000	$'000	$'000
At 1 January 2022	**2,077,889**	**294,558**	**60,450**	**2,432,897**
Additions	66,890	91,788	-	158,678
Transfer	26,220	(26,220)	-	-
Changes in decommissioning obligation (Note 32)	36,834	-	-	36,834
Interest capitalized (Note 30.1)	-	14,005	-	14,005
Reclassification	70,677	21,755	-	92,432
Disposals	(55,274)	-	-	(55,274)
At 31 December 2022	**2,223,236**	**395,886**	**60,450**	**2,679,572**
Depreciation				
At 1 January 2022	**828,872**	**-**	**-**	**828,872**
Charge for the year	118,813	-	-	118,813
Impairment loss	-	-	-	-
Reclassification	80,440	-	-	80,440
Disposals	(6,546)	-	-	(6,546)
At 31 December 2022	**1,021,579**	**-**	**-**	**1,021,579**
NBV				
At 31 December 2022	**1,201,657**	**395,886**	**60,450**	**1,657,993**
Cost				
At 1 January 2021	1,952,564	281,919	58,865	2,293,348
Additions	62,497	72,299	1,585	136,381
Transfer	72,133	(72,133)	-	-
Changes in decommissioning obligation (Note 32)	(9,305)	-	-	(9,305)
Interest capitalized (Note 30.1)	-	12,473	-	12,473
At 31 December 2021	**2,077,889**	**294,558**	**60,450**	**2,432,897**
Depreciation				
At 1 January 2021	689,460	-	-	689,460
Charge for the year	139,412	-	-	139,412
At 31 December 2021	**828,872**	**-**	**-**	**828,872**

NBV

At 31 December 2021	**1,249,017**	**294,558**	**60,450**	**1,604,025**

Assets under construction represent costs capitalised in connection with the development of the Group's oil fields and other property, plant and equipment not yet ready for their intended use. Some of which are qualifying assets that take a substantial period to get ready for its intended use. A capitalisation rate of 7.52% (2021: 7.72%) has been determined and applied to the Group's general borrowing to determine the borrowing cost capitalised as part of the qualifying assets. Borrowing costs capitalised during the year amounted to ₦5.9 billion, 2021: ₦14.01 billion (2022: $14.3 million, 2021: $12.5 million). There was no oil and gas property pledged as security during the reporting period.

Impairment testing

There was no impairment loss recorded for OML 4, 38, 41, OML 53 and OML 56 during the year ended. (2021: nil).

16.2 Other property, plant and equipment

	Plant & machinery	Motor vehicles	Office furniture & IT equipment	Leasehold improvements	Land	Building	Total
Cost	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2022	**15,531**	**3,831**	**9,038**	**2,355**	**28**	**1,603**	**32,386**
Additions	413	634	723	203	-	-	1,973
Disposals	-	(477)	(6)	-	-	-	(483)
Exchange differences	1,350	336	812	213	2	137	2,850
At 31 December 2022	**17,294**	**4,324**	**10,567**	**2,771**	**30**	**1,740**	**36,726**
Depreciation							
At 1 January 2022	**8,293**	**2,616**	**8,180**	**1,912**	**-**	**157**	**21,158**
Charge for the year	57	794	617	201	-	66	1,735
Disposals	-	(462)	(4)	-	-	-	(466)
Exchange differences	712	242	732	175	-	19	1,880
At 31 December 2022	**9,062**	**3,189**	**9,524**	**2,288**	**-**	**242**	**24,307**
NBV							
At 31 December 2022	**8,232**	**1,135**	**1,043**	**483**	**30**	**1,498**	**12,419**
Cost							
At 1 January 2021	1,950	5,150	8,413	2,142	25	1,478	18,888
Additions	13,045	135	204	32	-	-	13,416
Disposals	-	(1,838)	-	-	-	-	(1,838)
Exchange differences	536	384	691	181	3	125	1,920
At 31 December 2021	**15,531**	**3,831**	**9,038**	**2,355**	**28**	**1,603**	**32,386**
Depreciation							
At 1 January 2021	1,861	3,414	6,605	1,592	-	86	13,558
Charge for the year	74	694	991	181	-	63	2,003
Impairment loss	6,199	-	-	-	-	-	6,199
Disposals	-	(1,749)	-	-	-	-	(1,749)

Exchange differences	159	257	584	139	-	8	1,147
At 31 December 2021	**8,293**	**2,616**	**8,180**	**1,912**	**-**	**157**	**21,158**
NBV							
At 31 December 2021	**7,238**	**1,215**	**858**	**443**	**28**	**1,446**	**11,228**

	Plant & machinery	Motor vehicles	Office furniture & IT equipment	Leasehold improvements	Land	Building	Total
Cost	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2022	**37,704**	**9,299**	**21,941**	**5,717**	**68**	**3,891**	**78,620**
Additions	974	1,493	1,704	478	-	-	4,649
Disposals	-	(1,123)	(13)	-	-	-	(1,136)
At 31 December 2022	**38,678**	**9,669**	**23,632**	**6,196**	**68**	**3,891**	**82,133**
Depreciation							
At 1 January 2022	**20,132**	**6,351**	**19,858**	**4,642**	**-**	**382**	**51,365**
Charge for the year	136	1,871	1,453	473	-	159	4,092
Disposal	-	(1,089)	(10)	-	-	-	(1,099)
At 31 December 2022	**20,268**	**7,133**	**21,301**	**5,116**	**-**	**541**	**54,358**
NBV							
At 31 December 2022	**18,410**	**2,536**	**2,331**	**1,080**	**68**	**3,350**	**27,775**

	Plant & machinery	Motor vehicles	Office furniture & IT equipment	Leasehold improvements	Land	Building	Total
Cost	$'000	$'000	$'000	$'000		$'000	$'000
At 1 January 2021	5,131	13,552	21,431	5,638	68	3,891	49,711
Additions	32,573	336	510	79	-	-	33,498
Disposals	-	(4,589)	-	-	-	-	(4,589)
At 31 December 2021	**37,704**	**9,299**	**21,941**	**5,717**	**68**	**3,891**	**78,620**
Depreciation							
At 1 January 2021	4,899	8,986	17,384	4,190	-	224	35,683
Charge for the year	184	1,732	2,474	452	-	158	5,000
Impairment loss	15,049	-	-	-	-	-	15,049
Disposal	-	(4,367)	-	-	-	-	(4,367)
At 31 December 2021	**20,132**	**6,351**	**19,858**	**4,642**	**-**	**382**	**51,365**
NBV							
At 31 December 2021	**17,572**	**2,948**	**2,083**	**1,075**	**68**	**3,509**	**27,255**

During the year, the Group performed a valuation on the drilling rigs acquired in 2021.

The recoverable amount of $47 million as at 31 December 2022 has been determined based on the fair value less cost to dispose using the services of Westend Diamond Nigeria Limited, an independent valuer.

The fair value was determined using the current asset value of the rigs. This was based on inspection of the components, recent sales of similar assets and price adjustment for damaged components based on industry knowledge and the Valuer's experience in rig acceptance services and testing rig condition surveys.

The recoverable amount ($47 million) was higher than the carrying value ($18.35 million). Hence, there was no impairment loss recorded in profit or loss.

It is categorised under level 2 of the fair value hierarchy.

16.3 Loss on disposal

16.3.1 Loss on disposal of other property, plant and equipment

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Proceeds from disposal of assets	8	-	19	-
Less net book value of disposed assets	(16)	(89)	(37)	(222)
	(8)	**(89)**	**(18)**	**(222)**

16.3.2 Loss on disposal of oil and gas assets

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Proceeds from disposal of assets	7,884	-	18,578	-
Less net book value of disposed assets	(13,432)	-	(31,651)	-
	(5,548)	**-**	**(13,073)**	**-**

16.4 Depletion, depreciation and amortisation

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Oil and gas properties (Note 16.1)	46,997	55,832	118,812	139,412
Amortisation of intangible asset (Note 19)	7,613	671	9,872	1,674
Charged to cost of sales	**54,610**	**56,503**	**128,684**	**141,086**
Other property, plant and equipment charged to general and administrative expense (Note 16.2)	1,735	2,003	4,092	5,000
Right of use assets (Note 18)	2,297	1,870	5,413	4,670
Total depletion, depreciation and amortization	**58,642**	**60,376**	**138,189**	**150,756**

17. Other assets

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Fair value at the beginning of the year	46,363	44,630	112,551	117,448
Receipts from crude oil lifted	(4,600)	(1,961)	(10,840)	(4,897)
Exchange differences	3,715	3,694	-	-
Fair value at the end of the year	**45,478**	**46,363**	**101,711**	**112,551**

Other assets represents the Group's rights to receive the discharge sum of ₦85 billion, 2021: ₦61 billion ($190 million, 2021: $199 million) from the crude oil reserves of OML 55. The asset is measured at fair value through profit or loss (FVTPL) and receipts from crude oil lifted reduce the value of the asset. At each reporting date, the fair value of the discharge sum is determined using the income approach in line with IFRS 13: Fair Value Measurement (discounted cash flow). This asset is categorised within Level 3 of the fair value hierarchy amounting to $142.4 million (2021: 112.6 million)

A further increase/(decrease) in the discount rate of 15% would result in the following:

Percentage	Fair value $'000	Impact on profit or loss $'000

+2%	137,823	(4,589)
-2%	147,327	4,916

18. Right of use asset

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
As at 1 January	3,050	3,965	7,404	10,435
Additions during the year	1,084	656	2,424	1,639
Less: depreciation for the period	(2,297)	(1,870)	(5,413)	(4,670)
Exchange difference	137	299	-	-
As at 31 December	**1,974**	**3,050**	**4,415**	**7,404**

In 2018, the Group entered into a lease agreement for an office building in Lagos. The non-cancellable period of the lease is 5 years commencing on 1 January 2019 and ending on 31 December 2023. However, the Group has an option of either extending the lease period on terms to be mutually agreed by parties to the lease on the expiration of the current term or purchase the property.

The addition during the year relates to Elcrest – Office rent, barges and leases of vessels and UK ledger balance transfers.

19. Intangible assets

	License	Total	License	Total
Cost	₦ million	₦ million	$'000	$'000
At 1 January 2022	**60,435**	**60,435**	**146,713**	**146,713**
Additions	5,092	5,093	12,000	12,000
Reclassification	(359)	(359)	(845)	(845)
Exchange difference	5,420	5,420	-	-
At 31 December 2022	**70,588**	**70,588**	**157,868**	**157,868**
Amortisation				
At 1 January 2022	**6,390**	**6,390**	**15,513**	**15,513**
Charge for the year				
Reclassification	3,424	3,424	8,068	8,068
Amortisation	4,189	4,189	9,872	9,872
Exchange difference	955	955	**-**	**-**
At 31 December 2022	**14,958**	**14,958**	**33,453**	**33,453**
NBV				
At 31 December 2022	**55,630**	**55,630**	**124,415**	**124,415**
Cost				
At 1 January 2021	55,751	55,751	146,713	146,713
Exchange difference	4,684	4,684	-	-
At 31 December 2021	**60,435**	**60,435**	**146,713**	**146,713**
Amortisation and impairment				
At 1 January 2021	33,450	33,450	88,026	88,026

-Impairment	189	189	472	472
-Impairment reversal	(29,900)	(29,900)	(74,659)	(74,659)
- Amortisation	671	671	1,674	1,674
Exchange difference	1,980	1,980	-	-
At 31 December 2021	**6,390**	**6,390**	**15,513**	**15,513**
NBV				
At 31 December 2021	**54,045**	**54,045**	**131,200**	**131,200**

License relates to costs paid in connection with the renewal of a right for exploration of an oil mining lease field.

There was no impairment loss recorded for OML 40 and OML 17 during the year ended 2022 (2021: nil and $0.5 million).

As at 31 December 2022, the market capitalisation of the Group was above the book value of its intangible assets. In addition, there has been a slight increase in oil price and development activities around the world, as well as the subtle adjustment to current economic activities compared to the prior year which has led to an increase in the value of oil and gas assets.

20. Prepayments

	2022	2021	2022	2021
Non-current	₦ million	₦ million	$'000	$'000
Advances to suppliers	25,703	27,512	57,486	66,788
	25,703	**27,512**	**57,486**	**66,788**
Current				
Rent	184	84	412	204
Other prepayments	372	627	830	1,522
	556	**711**	**1,242**	**1,726**
	26,259	**28,223**	**58,728**	**68,514**

20.1 Rent

Rent relates to short-term leases of residential buildings, car parks and office buildings with contractual lease term of less than or equal to 12 months. At the end of the reporting period, rental expense of ₦0.45 billion, $1.06 million (2021: ₦631 million ($1.6 million)) was recognised within general and administrative expenses for these leases. The Group's future cash outflows from short-term lease commitments at the end of the reporting period are ₦184 million, $412 thousand (2021: ₦184 million, $449 thousand).

20.2 Advances to suppliers

Advances to suppliers relate to a milestone payment made to finance the construction of the Amukpe Escravos Pipeline Project and other related facilities. Recoveries would be made after the completion of the pipeline. At the end of the reporting period, the total prepaid amount is ₦25.7 billion, $57.5million, (2021: ₦27.5 billion, $66.8 million).

20.3 Other prepayments

Included in other prepayments are prepaid service charge expenses for office buildings, health insurance, software license maintenance, motor insurance premium and crude oil handling fees.

21. Interest in other entities

21.1 Material subsidiaries

The Group's principal subsidiaries as at 31 December 2022 are set in Note 1. Unless otherwise stated, their share capital consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business. The Group exercised significant judgement in consolidating Elcrest. Please see Note 4.1 for details. Also, there were no significant restrictions on any of the entities.

21.2 Non-controlling interest (NCI)

Summarised financial information in respect of Elcrest Exploration and Production Nigeria Limited which has a material non-controlling interest is set out below.

The information disclosed reflects amounts presented in the financial statements of the subsidiary amended to reflect fair value adjustments made by the Group, and modifications for differences in accounting policy during the business combination.

21.2.1 Statement of financial position

	As at 31 Dec 2022	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2021
	₦'million	$'000	₦'million	$'000
Current assets	65,158	145,722	11,600	28,161
Current liabilities	(320,653)	(735,104)	(289,360)	(717,060)
Current net liabilities	**(255,495)**	**(589,382)**	**(277,760)**	**(688,899)**
Non-current asset	271,432	607,062	246,878	599,320
Non-current liabilities	(21,324)	(47,689)	(7,142)	(17,338)
Non-current net assets	**250,108**	**559,373**	**239,736**	**581,982**
Net liabilities	(5,387)	(30,009)	(38,024)	(106,917)
Accumulated NCI at 55%	**(2,963)**	**(16,505)**	**(20,913)**	**(58,804)**

21.2.2 Statement of profit or loss and other comprehensive income

	As at 31 Dec 2022	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2021
	₦'million	$'000	₦'million	$'000
Revenue	69,128	162,897	53,788	134,307
Cost of sales	(65,680)	(154,772)	(52,828)	(131,911)
Operating expenses	(471)	(1,109)	(6,450)	(16,105)
Finance income/(cost)	(2,289)	(2,378)	(12,428)	(31,032)
Profit/(loss) before Tax	**688**	**1,622**	**(17,918)**	**(44,741)**
Tax credit	31,949	75,286	-	-
Profit/(loss) for the year	**32,637**	**76,908**	**(17,918)**	**(44,741)**
Total comprehensive income/(loss)	**19,216**	**76,908**	**(17,918)**	**(44,741)**

21.2.3 Statement of cash flows

	As at 31 Dec 2022	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2021
	₦'million	$'000	₦'million	$'000
Operating activities	283,728	668,587	26,267	65,589
Investing activities	(31,105)	(69,565)	(25,834)	(64,507)
Financing activities	(250,780)	(560,867)	**4,152**	**10,367**

21.3 Investment accounted for using equity accounting method

	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	₦'million	₦'million	$'000	$'000
Investment in joint venture (note 21.3.1)	99,219	92,795	221,902	225,270
	99,219	**92,795**	**221,902**	**225,270**

21.3.1 Interest in joint ventures

The revised shareholders agreement between the Group and Nigerian Gas Processing and Transportation Company (NGPTC) requires both parties to have equal shareholding in ANOH. With the change in the ownership structure, the Group has reassessed its retained interest in ANOH and determined that it has joint control. The Group's interest in ANOH is accounted for in the consolidated financial statements using the equity method because the Group interest in ANOH (Joint venture) is assessed to be a joint venture.

Set below is the information on the material joint venture of the Group, ANOH. The Company has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Company is a private entity hence no quoted price is available.

As at the reporting period, the Group had no capital commitment neither had it incurred any contingent liabilities jointly with its joint venture partner.

		Percentage of ownership interest		Carrying amount			
Name of entity	Country of incorporation and place of business	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 30 Dec 2021
		%	%	₦'million	₦'million	$'000	$'000
ANOH Gas Processing Company Limited	Nigeria	50	50	99,219	92,795	221,902	225,270

21.3.1.1 Summarised statement of financial position of ANOH

	As at 31 Dec 2022	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2021
	₦'million	$'000	₦'million	$'000
Current assets:				
Cash and bank balances	4,260	9,528	15,980	38,793
Other current assets	6,240	13,955	48,662	118,131
Total current assets	10,500	23,483	64,642	156,924
Non-current assets	263,935	590,286	221,976	538,869
Total assets	**274,435**	**613,769**	**286,618**	**695,793**
Current liabilities:				
Financial liabilities (excluding trade payables)	(72,046)	(161,128)	(37,492)	(91,017)
Other current liabilities	(3,951)	(8,837)	(72,846)	(176,840)
Total liabilities	**(75,997)**	**(169,965)**	**(110,338)**	**(267,857)**
Net assets	**198,438**	**443,804**	**176,280**	**427,936**

Reconciliation to carrying amounts:

Opening net assets	176,280	427,936	160,624	422,856
(Loss)/profit for the period	(2,869)	(6,760)	2,035	5,080
Additional contribution	10,118	22,628	-	-
Exchange difference	14,909	-	13,621	-
Closing net assets	**198,438**	**443,804**	**176,280**	**427,936**
Group's share (%)	50%	50%	50%	50%
Group's share of net asset	99,219	221,902	88,140	213,968
Remeasurement of retained interest	-	-	4,655	11,302
Carrying amount	**99,219**	**221,902**	**92,795**	**225,270**

21.3.1.2 Summarised statement of profit or loss and other comprehensive income of ANOH

	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
	₦'million	$'000	₦'million	$'000
General and administrative expenses	(3,193)	(7,525)	(56)	(141)
Depreciation and amortization	(315)	(743)	(193)	(483)
Other income	2	5	916	2,287
Finance income	640	1,509	911	2,275
Finance cost	-	-	(28)	(70)
(Loss)/profit before taxation	(2,866)	(6,754)	1,550	3,868
Taxation	(2)	(6)	485	1,212
(Loss)/profit for the period	(2,868)	(6,760)	2,035	5,080
Group's share (%)	50%	50%	50%	50%
Group's share of (loss)/profit for the period	(1,434)	(3,380)	1,017	2,540

21.3.1.3 Investment in joint venture

	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
	₦'million	$'000	₦'million	$'000
Opening balance	92,795	225,270	84,639	222,730
Movement during the year	5	12	-	-
Exchange difference	7,853	-	7,139	-
Share of (loss)/profit from joint venture accounted for using the equity method	(1,434)	(3,380)	1,017	2,540
	99,219	**221,902**	**92,795**	**225,270**

21.3.2 Investment in associate

Elandale Nigeria Limited is an associate acquired on the business combination. Elandale was incorporated in Nigeria on 17 January 2019. Elandale is an unquoted investment and valued based on fixed asset investment. The Group indirectly owns 40% ownership interest and voting rights in Elandale. The investment was written-off during the year because Elandale is not trading, does not have sufficient funds to repay the investment and have no discardable future income stream. The associate is deemed to be immaterial, as a result, financial information is not provided.

22. Inventories

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Tubulars, casings and wellheads	24,774	30,878	55,406	74,957

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. Inventory charged to profit or loss and included in cost of sales during the year is ₦3.5 billion, $7.9 million (2021: ₦1.7 billion, $4.1 million). There was an inventory write down of $8.5 million, ₦3.6 billion on Solewant line pipes (2021: nil).

23. Trade and other receivables

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Trade receivables (Note 23.1)	19,480	25,923	43,571	62,929
Nigerian National Petroleum Corporation Exploration Limited (NEPL) (Note 23.2)	40,386	34,571	90,322	83,924
Nigerian National Petroleum Corporation Limited (NNPC) receivables (Note 23.3)	15,411	10,154	34,467	24,650
Underlift	7,018	20,657	15,696	50,147
Other receivables (Note 23.4)	21,752	2,964	48,644	7,194
Advances to suppliers	7,657	5,746	17,123	13,947
Receivables from ANOH (Note 23.5)	5,056	5,259	11,308	12,766
Advances for new business (Note 23.6)	57,367	-	128,300	
	174,127	**105,274**	**389,431**	**255,557**

23.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $19.5 million, ₦8.7 billion (2021: $17.1 million, ₦7 billion), Waltersmith $12.8 million, ₦5.7 billion (Dec 2021: nil) Sapele Power $6.1 million, ₦2.7 billion (2021: $5.9million, ₦2.4 billion) and Nigerian Gas Marketing Company $0.4 million, ₦0.2 billion (2021: $7.3 million, ₦3 billion) totalling $38.7 million, ₦17.3 billion (Dec 2021: $30.3 million, ₦12.5 billion) with respect to the sale of gas. Also included in trade receivables is nil (Dec 2021: $7.4 million, ₦3.1 billion), nil (Dec 2021: $28.1 million, ₦11.6 billion), and $3.8 million, ₦1.7 billion (Dec 2021: nil) due from Mercuria, Shell Western, and MSN Energy respectively for sale of crude and $26 million, ₦11.4 billion, (Dec 2021: $18.4 million, ₦7.6 billion) for crude injectors.

Reconciliation of trade receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	34,698	22,358	84,230	58,000
Additions during the year	368,983	234,149	825,226	584,666
Receipts for the year	(357,032)	(223,645)	(841,325)	(558,436)
Exchange difference	(16,187)	1,836	-	-
Gross carrying amount	30,462	34,698	68,131	84,230
Less: impairment allowance	(10,982)	(8,775)	(24,560)	(21,301)
Balance as at 31 December	**19,480**	**25,923**	**43,571**	**62,929**

Reconciliation of impairment allowance on trade receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	8,775	1,195	21,301	3,625
Increase in loss allowance during the period	1,383	7,079	3,259	17,676

Exchange difference	824	501	-	-
Loss allowance as at 31 December	**10,982**	**8,775**	**24,560**	**21,301**

23.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is ₦40.4 billion (Dec 2021: ₦34.6 billion) $90.3 million (Dec 2021: 83.9million).

Reconciliation of NEPL receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	39,514	43,776	95,924	114,439
Additions during the year	115,181	86,732	257,600	216,567
Receipts for the year	(110,303)	(94,147)	(259,922)	(235,082)
Exchange difference	(2,539)	3,153	-	-
Gross carrying amount	41,853	39,514	93,602	95,924
Less: impairment allowance	(1,467)	(4,943)	(3,280)	(12,000)
Balance as at 31 December	**40,386**	**34,571**	**90,322**	**83,924**

Reconciliation of impairment allowance on NEPL receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	4,943	619	12,000	7,386
(Decrease)/Increase in loss allowance during the period	(3,700)	1,848	(8,720)	4,614
Exchange difference	224	2,476	-	-
Loss allowance as at 31 December	**1,467**	**4,943**	**3,280**	**12,000**

23.3 NNPC LTD receivables

Reconciliation of NNPC receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	10,819	11,910	26,265	31,221
Additions during the year	29,249	10,793	65,416	26,950
Receipts for the year	(23,920)	(12,778)	(56,365)	(31,906)
Exchange difference	(357)	894	-	-
Gross carrying amount	15,791	10,819	35,316	26,265
Less: impairment allowance	(380)	(665)	(849)	(1,615)
Balance as at 31 December	**15,411**	**10,154**	**34,467**	**24,650**

Reconciliation of impairment allowance on NNPC receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000

Loss allowance as at 1 January	665	479	1,615	1,345
(Decrease)/increase in loss allowance during the period	(325)	108	(766)	270
Exchange difference	40	78	-	-
Loss allowance as at 31 December	**380**	**665**	**849**	**1,615**

23.4 Other receivables

Reconciliation of other receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	21,632	19,713	52,513	48,070
Additions during the year	43,326	21,708	96,897	54,205
Receipts for the year	(18,454)	(19,929)	(43,486)	(49,762)
Exchange difference	861	140	-	-
Gross carrying amount	47,364	21,632	105,924	52,513
Less: impairment allowance	(25,612)	(18,668)	(57,280)	(45,319)
Balance as at 31 December	**21,752**	**2,964**	**48,644**	**7,194**

Reconciliation of impairment allowance on other receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	18,668	15,303	45,319	45,319
Increase in loss allowance during the period	5,076	-	11,961	-
Exchange difference	1,868	3,365	-	-
Loss allowance as at 31 December	**25,612**	**18,668**	**57,280**	**45,319**

Other receivables include sundry receivables, WHT receivables, staff receivables, NGC VAT receivables, and Oghareki CHC receivables.

23.5 Receivables from Joint Venture (ANOH)

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	5,259	4,926	12,766	12,963
Additions during the year	610	134	1,364	326
Receipts for the year	(1,072)	(215)	(2,526)	(523)
Exchange difference	391	414	-	-
Gross carrying amount	5,188	5,259	11,604	12,766
Less: impairment allowance	(132)	-	(296)	-
Balance as at 31 December	**5,056**	**5,259**	**11,308**	**12,766**

Reconciliation of impairment allowance on receivables from joint venture (ANOH)

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	-	-	-	-

Increase in loss allowance during the period	126	-	296	-
Exchange difference	7	-	-	-
Loss allowance as at 31 December	**132**	**-**	**296**	**-**

23.6 Advances for New Business

Advances for new business include deposit for investment of $128.3 million, ₦57.4 billion towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

24. Contract assets

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Revenue on gas sales (Note 24.1)	3,493	1,679	7,811	4,076
Impairment loss on contract asset	(180)	-	(403)	-
	3,313	**1,679**	**7,408**	**4,076**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Group has recognised an asset in relation to a contract with Geregu Power, Sapele Power, Azura and NGMC for the delivery of gas supplies which the three companies has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystalises. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu Power, Sapele Power, Azura and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

24.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	1,679	2,343	4,076	6,167
Addition during the year	38,216	44,849	90,054	111,987
Amount billed during the year	(36,631)	(45,662)	(86,319)	(114,017)
Price adjustments	-	(24)	-	(60)
Exchange difference	229	173	-	-
Impairment	(180)	-	(403)	(1)
Balance as at 31 December	**3,313**	**1,679**	**7,408**	**4,076**

25. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. Derivatives are measured at fair value through profit or loss. They are presented as current liability to the extent they are expected to be settled within 12 months after the reporting period.

The fair value has been determined using a proprietary pricing model which generates results from inputs. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000

Crude oil options	(1,435)	1,543	(3,210)	3,745
Additions	481	-	1,075	-
	(954)	**1,543**	**(2,135)**	**3,745**

In 2022, the Group entered into economic crude oil hedge contracts with an average strike price of ₦22,357, $50/bbl (2021: ₦22,141, $54/bbl) for 3 million barrels (2021: 3 million barrels) at a cost of ₦1.7 billion, $3.8 million (2021: ₦1.8 billion, $4.3 million).

26. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank, cash on hand and short-term deposits with a maturity of three months or less.

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Cash on hand	30	5,916	66	14,361
Short-term fixed deposits	22,906	29,040	51,229	70,498
Cash at bank	157,960	98,812	353,287	239,877
Gross cash and cash equivalent	**180,896**	**133,768**	**404,582**	**324,736**
Loss allowance	(110)	(101)	(246)	(246)
Net cash and cash equivalents	**180,786**	**133,667**	**404,336**	**324,490**

26.1 Reconciliation of impairment allowance on cash and cash equivalents

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	101	93	246	246
Exchange difference	9	8	-	-
Loss allowance as at 31 December	**110**	**101**	**246**	**246**

26.2 Restricted cash

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Restricted cash	10,706	6,603	23,944	16,029
	10,706	**6,603**	**23,944**	**16,029**

26.3 Movement in restricted cash

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
(Decrease)/Increase in restricted cash	(3,359)	7,029	(7,915)	17,552
	(3,359)	**7,029**	**(7,915)**	**17,552**

Included in the restricted cash balance is $8 million, ₦3.6 billion and $12.5 million, ₦5.6 billion set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility. The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

Also included in the restricted cash balance is $0.8 million, ₦0.3 billion, and $1 million, ₦0.5 billion for rent deposit, and unclaimed dividend respectively.

A garnishee order of $1.6 million, ₦0.7 billion is included in the restricted cash balance as at the end of the reporting period. These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

27. Share capital

27.1 Authorised and issued share capital

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Authorised ordinary share capital				
588,444,561 issued shares denominated in Naira of 50 kobo per share	500	500	3,335	3,335
Issued and fully paid				
588,444,561 (2021: 584,035,845) issued shares denominated in Naira of 50 kobo per share	297	296	1,864	1,862

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

27.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Total
	Shares	₦'million	₦'million	₦'million	₦'million	₦'million
Opening balance as at 1 January 2022	**584,035,845**	**296**	**90,383**	**4,914**	**(2,025)**	**93,568**
Share based payments	-	-	-	3,474	-	3,474
Vested shares	4,719,809	2	2,450	(2,452)	-	-
PAYE tax withheld on vested shares	(311,093)	(1)	(1,516)	-	-	(1,517)
Closing balance as at 31 December 2022	**588,444,561**	**297**	**91,317**	**5,936**	**(2,025)**	**95,525**

	Number of shares	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Total
	Shares	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 January 2022	**584,035,845**	**1,862**	**520,138**	**22,190**	**(4,915)**	**539,275**
Share based payments	-	-	-	8,188	-	8,188
Vested shares	4,719,809	5	5,480	(5,485)	-	-
PAYE tax withheld on vested shares	(311,093)	(3)	(3,391)	-	-	(3,394)
Closing balance as at 31 December 2022	**588,444,561**	**1,864**	**522,227**	**24,893**	**(4,915)**	**544,069**

27.3 Share Premium

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Share premium	91,317	90,383	522,227	520,138

Section 120.2 of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires that where a Company issue shares at premium (i.e., above the par value), the value of the premium should be transferred to share premium.

During the year, an additional 4,719,809 shares vested with a fair value of $5.49 million. The excess of $5.48 million above the nominal value of ordinary shares have been recognised in share premium.

27.4 Employee share-based payment scheme

As at 31 December 2022, the Group had awarded 94,038,312 shares (2021: 73,966,540 shares) to certain employees and senior executives in line with its share-based incentive scheme. Included in the share-based incentive schemes is two additional schemes (2021 LTIP Scheme and 2022 LTIP Scheme) awarded during the reporting period. During the reporting period, 7,821,418 shares had vested out of which 3,101,609 shares were forfeited in relation to participants whose employment was terminated during the vesting period. The average forfeiture rate due to failure to meet non-market vesting condition is 16.19% while the average due to staff exit is 24.36%. The impact of applying the forfeiture rate of 25% on existing LTIP awards which are yet to vest will result in a reduction of share-based compensation expense for the year by $3,531,176. The number of shares that eventually vested during the year after the forfeiture and conditions above is 4,719,809 (Dec 2021: 5,736,761 shares were vested).

i. Description of the awards valued

The Group has made a number of share-based awards under incentive plans since its IPO in 2014: IPO-related grants to Executive and Non-Executive Directors, 2018/2020 deferred bonus awards and 2020 Long-term Incentive plan ('LTIP') awards. Shares under these incentive plans were awarded at the IPO in April 2014, 2015, 2016, 2017,2018 and 2020 conditional on the Nigerian Stock Exchange ('NSE') approving the share delivery mechanism proposed by the Group. A number of these awards have fully vested.

Seplat Deferred Bonus Award

25% of each Executive Director's 2019 bonus (paid in 2020) has been deferred into shares and would be released in 2022 subject to continued employment over the vesting period. 2020 deferred bonus was approved by the Board and vested in 2022. No performance criteria are attached to this award. As a result, the fair value of these awards is calculated using a Black Scholes model.

Long Term Incentive Plan (LTIP) awards

Under the LTIP Plan, shares are granted to management staff of the organisation at the end of every year. The shares were granted to the employees at no cost. The shares vest (after 3 years) based on the following conditions.

- 25% vesting for median relative TSR performance rising to 100% for upper quartile performance on a straight-line basis.
- Relative TSR vesting reduced by 75% if 60% and below of operational and technical bonus metrics are achieved, with 35% reduction if 70% of operational and technical bonus metrics are achieved and no reduction for 80% or above achievement.
- the Group outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the NSE.

ii. Share based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Expense arising from equity-settled share-based payment transactions	3,474	1,209	8,188	3,020

There were no cancellations to the awards in 2022. The share awards granted to Executive Directors and confirmed employees are summarised below:

Scheme	Deemed grant date	Start of Service Period	End of service period	Vesting status	Number of awards
Global Bonus Offer	4 November 2015	9 April 2014	9 April 2015	Fully	6,472,138

Non- Executive Shares	4 November 2015	9 April 2014	9 April 2015	Fully	793,650
2014 Deferred Bonus	14 December 2015	14 December 2015	21 April 2017	Fully	212,701
2014 Long term incentive Plan	14 December 2015	14 December 2015	09 April 2017	Fully	2,173,259
2015 Long term incentive Plan	31 December 2015	14 December 2015	21 April 2018	Fully	5,287,354
2015 Deferred Bonus	21 April 2016	21 April 2016	20 April 2018	Fully	247,610
2016 Long term incentive Plan	22 December 2016	22 December 2016	21 December 2019	Fully	10,294,300
2016 Deferred Bonus	24 November 2017	24 November 2017	20 April 2019	Fully	278,191
2017 Long term incentive Plan	24 November 2017	24 November 2017	20 April 2020	Fully	7,938,589
2017 Deferred Bonus	2 May 2018	2 May 2018	31 December 2019	Fully	193,830
2018 Long term incentive Plan	2 May 2018	2 May 2018	2 May 2021	Fully	6,936,599
2018 Deferred Bonus	2 May 2019	2 May 2019	31 December 2020	Fully	341,069
2019 Long term incentive Plan	2 May 2019	2 May 2019	2 May 2022	Partially	7,648,850
2019 Deferred Bonus	30 Apr 2020	30 Apr 2020	31 Dec 2021	Fully	214,499
2020 Long term incentive Plan	30 Apr 2020	30 Apr 2020	1 May 2023	Partially	10,828,156
2020 Long term incentive Plan	2 Dec 2020	2 Dec 2020	2 Dec 2023	Partially	1,110,057
2021 Long term incentive Plan	2 November 2021	2 November 2021	2 November 2024	Partially	12,995,688
2021 Long term incentive Plan - Executives	10 March 2022	10 March 2022	2 November 2024	Partially	5,133,469
2020 Deferred Bonus	10 March 2022	10 March 2022	31 December 2022	Fully	172,586
2022 Long term incentive Plan	30 May 2022	30 May 2022	30 May 2025	Partially	13,811,252
2021 Deferred Bonus	10 March 2022	10 March 2022	31 December 2023	Partially	439,908
COO Sign on Bonus	4 August 2022	4 August 2022	1 July 2024	Partially	514,575
					94,038,312

iii. Determination of share awards outstanding

Share awards used in the calculation of diluted earnings per shares are based on the outstanding shares granted as at 31 December 2022.

Share award scheme (all awards)	2022 Number	2022 WAEP ₦	2021 Number	2021 WAEP ₦
Outstanding at 1 January	2,800,942	442	8,806,987	843
Granted during the year	25,036,212	442	1,145,053	415
Exercised during the year	(4,719,809)		(5,736,761)	
Forfeited during the year	(3,101,609)		(1,414,337)	
Outstanding at 31 December	**20,015,736**	**259**	**2,800,942**	**442**

Share award scheme (all awards)	2022 Number	2022 WAEP $	2021 Number	2021 WAEP $
Outstanding at 1 January	2,800,942	1.10	8,806,987	2.22
Granted during the year	25,036,212	1.10	1,145,053	1.04
Exercised during the year	(4,719,809)		(5,736,761)	
Forfeited during the year	(3,101,609)		(1,414,337)	
Outstanding at 31 December	**20,015,736**	**0.58**	**2,800,942**	**1.10**

The following table illustrates the number and weighted average exercise prices ('WAEP') of and movements in deferred bonus scheme and long-term incentive plan during the year for each available scheme.

Deferred Bonus Scheme	2022 Number	2022 WAEP ₦	2021 Number	2021 WAEP ₦
Outstanding at 1 January	-	-	86,151	509
Granted during the year	479,564	541	128,348	415
Exercised during the year	(172,568)		(214,499)	
Outstanding at 31 December	**306,996**	**483**	**-**	**-**

Deferred Bonus Scheme	2022 Number	2022 WAEP $	2021 Number	2021 WAEP $
Outstanding at 1 January	-	-	86,151	0.62
Granted during the year	479,564	1.21	128,348	1.04
Exercised during the year	(172,568)		(214,499)	
Outstanding at 31 December	**306,996**	**1.08**	**-**	**-**

The fair value of the modified options was determined using the same models and principles as described in the table below on the inputs to the models used for the scheme.

Long term incentive Plan (LTIP)	2022 Number	2022 WAEP ₦	2021 Number	2021 WAEP ₦
Outstanding at 1 January	2,800,942	492	8,720,836	509
Granted during the year	24,556,648	-	1,016,705	415
Exercised during the year	(4,547,241)		(5,522,262)	
Forfeited during the year	(3,101,740)		(1,414,337)	
Outstanding at 31 December	**19,708,740**	**322**	**2,800,942**	**442**

Long term incentive Plan (LTIP)	2022 Number	2022 WAEP $	2021 Number	2021 WAEP $
Outstanding at 1 January	2,800,942	1.10	8,720,836	1.34
Granted during the year	24,556,648	-	1,016,705	1.04
Exercised during the year	(4,547,241)		(5,522,262)	
Forfeited during the year	(3,101,740)		(1,414,337)	
Outstanding at 31 December	**19,708,740**	**0.72**	**2,800,942**	**1.10**

The shares are granted to the employees at no cost. The weighted average remaining contractual life for the share awards outstanding as at 31 December 2022 range from 0.8 to 2.3 years (2021: 0.2 to 2.7 years).
The weighted average fair value of awards granted during the year range from ₦170 to ₦581 (2021: ₦415 to ₦442.32), $0.38 to $1.30 (2021: $1.04 to $1.10).

The fair value at grant date is independently determined using the Monte Carlo valuation method which takes into account, the term of the award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

iv. Inputs to the models

The following table lists the inputs to the models used for the share awards outstanding in the respective plans for the year ended 31 December 2022:

	2020 LTIP	2020 LTIP	2021 LTIP	2021 LTIP-Execs	2022 LTIP
Weighted average fair values at the measurement date					
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	43%	43%	51.68%	59.29%	59.86%
Risk–free interest rate (%)	0.44%	0.44%	0.31%	2.17%	2.53%
Expected life of share options	3.00	3.00	3.00	2.64%	3.00
Share price at grant date ($)	0.38	0.51	0.66	1.12	1.18
Share price at grant date (₦)	135.38	193.48	264.32	465.74	489.76
Model used	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

27.5 Treasury shares

This relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Group's employee beneficiaries covered under the Trust.

28. Capital contribution

This represents M&P additional cash contribution to the Group. In accordance with the Shareholders' Agreement, the amount was used by the Group for working capital as was required at the commencement of operations.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Capital contribution	5,932	5,932	40,000	40,000

29. Foreign currency translation reserve

Cumulative foreign exchange differences arising from translation of the Group's results and financial position into the presentation currency and from the translation of foreign subsidiary is recognised in foreign currency translation reserve.

30. Interest bearing loans and borrowings

30.1 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 2022:

	Borrowings due within 1 year	Borrowings due above 1 year	Total	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million	$'000	$'000	$'000
Balance as at 1 January 2022	**24,988**	**290,803**	**315,791**	**60,661**	**705,953**	**766,614**

Interest accrued	27,761	-	27,761	65,418	-	65,418
Interest capitalized	5,943	-	5,943	14,005	-	14,005
Interest repayment	(26,857)	-	(26,857)	(63,287)	-	(63,287)
Other financing charges	(5,325)	-	(5,325)	(12,547)	-	(12,547)
Transfers	4,274	(4,274)	-	10,072	(10,072)	-
Exchange differences	2,448	24,620	27,068	-	-	-
Carrying amount as at 31 December 2022	**33,232**	**311,149**	**344,381**	**74,322**	**695,881**	**770,203**

Below is the reconciliation on interest bearing loans and borrowings 2021:

	Borrowings due within 1 year	Borrowings due above 1 year	Total	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million	$'000	$'000	$'000
Balance as at 1 January 2021	35,518	229,880	265,398	93,468	604,947	698,415
Addition	268,725	-	268,725	671,000	-	671,000
Interest accrued	29,765	-	29,765	74,322	-	74,322
Interest capitalized	4,995	-	4,995	12,473	-	12,473
Principal repayment	(240,291)	-	(240,291)	(600,000)	-	(600,000)
Interest repayment	(27,728)	-	(27,728)	(69,236)	-	(69,236)
Other financing charges	(8,154)	-	(8,154)	(20,360)	-	(20,360)
Transfers	(40,451)	40,451	-	(101,006)	101,006	-
Exchange differences	2,609	20,472	23,081	-	-	-
Carrying amount as at 31 December 2021	**24,988**	**290,803**	**315,791**	**60,661**	**705,953**	**766,614**

Other financing charges include term loan arrangement and commitment fees, annual bank charges, technical bank fee, agency fee and analytical services in connection with annual service charge. These costs do not form an integral part of the effective interest rate. As a result, they are not included in the measurement of the interest-bearing loan.

30.2 Amortised cost of borrowings

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Senior loan notes	298,133	266,963	666,768	648,079
Revolving loan facilities	3,655	-	8,176	-
Reserve based lending (RBL) facility	42,593	48,828	95,259	118,535
	344,381	**315,791**	**770,203**	**766,614**

$650 million Senior notes – April 2021

In March 2021, the Group offered 7.75% senior notes with an aggregate principal of $650 million due in April 2026. The notes, which were priced on 25 March and closed on 1 April 2021, were issued by the Group in March 2021 and guaranteed by certain of its subsidiaries.

The gross proceeds of the Notes were used to redeem the existing $350 million 9.25% senior notes due in 2023, to repay in full drawings of $250 million under the existing $350 million revolving credit facility for general corporate purposes, and to pay transaction fees and expenses. The amortised cost for the senior notes as at the reporting period is $666.77 million, ₦ 298.13 billion although the principal is $650 million.

$110 million Senior reserve-based lending (RBL) facility – March 2021

The Group through its subsidiary Westport on 28 November 2018 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% + USD LIBOR as at half year (8.30%) and a final settlement date of April 2026.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The current borrowing base is more than $100 million, with the available commitments at $100 million. The commitments were scheduled to reduce to $87.5 million on 31 March 2021. The first reduction in the commitments occurred on 31st December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from $125.0 million to $122.5million, with a further reduction to $100.0 million as at December 2020.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is USD SOFR plus 8%, as long as more than 50% of the available facility is drawn. This has been amended over time.

On 4th February 2020 Westport drew down a further $10 million increasing the debt utilised under the RBL from $90 million to $100 million.

The interest rate of the facility is variable. The interest accrued at the reporting period is $11 million, ₦4.7 billion using an effective interest rate of 12.17%. The interest paid was determined using SOFR rate + 8 % on the last business day of the reporting period.

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. As part of the new agreement, the debt utilised and interest rate remain unchanged at $100 million and 8% + USD LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further $10 million increasing the debt utilized under the RBL from $100 million to $110 million. The amortized cost for this as at the reporting period is $95.3 million, ₦42.6 billion (Dec 2021: $108.8 million), although the principal is $110 million.

$50 million Reserved based lending (RBL) facility – July 2021

In July 2021, the Group raised a $50 million offtake line to the Reserved Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. As of the period under review, $11 million has been drawn on this facility. The amortised cost for this as at the reporting period is $8.2 million, ₦3.7 billion although the principal is $11 million.

$350 million Revolving credit facility – September 2022

Seplat Energy Plc successfully refinanced its existing $350million revolving credit facility due in December 2023 with a new three-year $350 million revolving credit facility due in June 2025 (the "RCF"). The RCF includes an automatic maturity extension until December 2026 once a refinancing of the existing $650 million bond due in April 2026 is implemented. The RCF is scheduled to reduce from July 2024, with such date automatically extended to July 2025 once the refinancing of the existing $650 million bond is implemented. The RCF carries initial interest of 6% over the base rate (SOFR plus applicable credit adjustment spread) with the margin reducing to 5% after production flowing through the Amukpe-to-Escravos pipeline is stabilized at an average working interest production of at least 15,000 bpd over a 45 consecutive day period. The pricing is in line with the existing RCF pricing, although it reflects a change in the base rate from LIBOR to SOFR plus the applicable credit adjustment spread.

30.3 Outstanding principal exposures

The table below provides an overview of IBOR related exposure by currency and nature of financial instruments as at December 2022.

	2022 USD SOFR	2021 USD LIBOR	2022 USD SOFR	2021 USD LIBOR
31 December 2022	₦ million	₦ million	$'000	$'000
Non-derivative financial liabilities				

Interest bearing loans and borrowings	344,381	315,791	770,203	766,614
	344,381	**315,791**	**770,203**	**766,614**

The table below shows the analysis of the principal outstanding showing the lenders of the facility as at the year-end:

31 December 2022	Interest	Current ₦ million	Non-Current ₦ million	Total ₦ million	Current $'000	Non-Current $'000	Total $'000
Fixed interest rate							
Fixed interest rate borrowings							
Senior notes	7.75%	-	290,635	290,635	-	650,000	650,000
Variable interest rate borrowings							
The Mauritius Commercial Bank Ltd	8.00% + SOFR	-	17,170	17,170	-	38,400	38,400
The Stanbic IBTC Bank Plc	8.00% + SOFR	-	17,527	17,527	-	39,200	39,200
The Standard Bank of South Africa Limited	8.00% + SOFR	-	10,016	10,016	-	22,400	22,400
First City Monument Bank Limited	8.00% + SOFR	-	4,471	4,471	-	10,000	10,000
Shell Western Supply and Trading Limited	10.5% + SOFR	-	4,918	4,918	-	11,000	11,000
Total variable interest borrowings		-	**344,737**	**344,737**	-	**771,000**	**771,000**

31 December 2021	Interest	Current ₦ million	Non-Current ₦ million	Total ₦ million	Current $'000	Non-Current $'000	Total $'000
Fixed interest rate							
Senior notes:	7.75%	-	267,755	267,755	-	650,000	650,000
Variable interest rate borrowings							
The Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	-	15,818	15,818	-	38,400	38,400
The Stanbic IBTC Bank Plc	8.00% + USD LIBOR	-	16,148	16,148	-	39,200	39,200
The Standard Bank of South Africa Limited	8.00% + USD LIBOR	-	9,227	9,227	-	22,400	22,400
First City Monument Bank Limited	8.00% + USD LIBOR	-	4,119	4,119	-	10,000	10,000
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	-	4,531	4,531	-	11,000	11,000
		-	**317,598**	**317,598**	-	**771,000**	**771,000**

31. Lease liabilities

	2022 ₦ million	2021 ₦ million	2022 $'000	2021 $'000
As at 1 January	1,471	2,270	3,571	5,974

Additions during the year	1,084	384	2,424	960
Payments during the year	(997)	(1,347)	(2,350)	(3,893)
Interest on lease liabilities	161	212	380	530
Exchange difference	81	(48)	-	-
As at 31 December	**1,800**	**1,471**	**4,025**	**3,571**

In 2018, the Group entered into a lease agreement for an office building in Lagos. The non-cancellable period of the lease is 5 years commencing on 1 January 2019 and ending on 31 December 2023. However, the Group has an option of either extending the lease period on terms to be mutually agreed by parties to the lease on the expiration of the current term or purchase the property.

The Group's lease liability as at 31 December 2022 is split into current and non-current portions as follows:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Current	1,800	1,273	4,025	3,090
Non-current	-	198	-	481
	1,800	**1,471**	**4,025**	**3,571**

The following amount are recognised in profit or loss:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Depreciation expense of right-of-use assets	2,297	1,870	5,413	4,670
Interest expense on lease liabilities	161	212	380	530
	2,458	**2,082**	**5,793**	**5,200**

The following are the impact of the lease on cash flow:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Depreciation expense of right-of-use assets	2,297	1,870	5,413	4,670
Interest expense on lease liabilities	161	212	380	530
Net cash flows from operating activities	**2,458**	**2,082**	**5,793**	**5,200**
Lease payments	(997)	(1,347)	(2,350)	(3,893)
Net cash flows from financing activities	**(997)**	**(1,347)**	**(2,350)**	**(3,893)**

The Group's lease payments for drilling rigs are classified as variable lease payments. The variability arises because the lease payments are linked to the use of the underlying assets. These variable lease payments are therefore excluded from the measurement of the lease liabilities. At the end of the reporting period, there was no rental expense recognised within cost of sales for these leases. The expected future cash outflows arising from variable lease payments is estimated at ₦1 billion, $2.4 million, (2021: ₦1.14 billion, $3.4 million,).

The following tables summarise the impact that exercising the purchase option would have had on the profit before tax and net assets of the Group:

	Effect on profit before tax		Effect on profit before tax	
	2022	2022	2021	2021
	₦ million	$'000	₦ million	$'000

Depreciation	885	2,086	725	1,810
Interest payment	(1,156)	(2,723)	(946)	(2,363)
	(271)	**(637)**	**(221)**	**(553)**

	Effect on net assets		Effect on net assets	
	2022	2022	2021	2021
	₦ million	$'000	₦ million	$'000
Depreciation	12,885	30,268	10,463	27,631
Interest payment	(13,440)	(31,671)	(10,939)	(28,912)
	(555)	**(1,403)**	**(476)**	**(1,281)**

32. Provision for decommissioning obligation

	₦ million	$'000
At 1 January 2022	**63,709**	**154,659**
Unwinding of discount due to passage of time	994	2,343
Change in estimate	15,631	36,834
Exchange difference	6,336	-
At 31 December 2022	**86,670**	**193,836**

	₦ million	$'000
At 1 January 2021	**61,795**	**162,619**
Unwinding of discount due to passage of time	539	1,345
Change in estimate	(3,727)	(9,305)
Exchange difference	5,102	-
At 31 December 2021	**63,709**	**154,659**

The Group makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. This relates to the removal of assets as well as their associated restoration costs. This obligation is recorded in the period in which the liability meets the definition of a "probable future sacrifice of economic benefits arising from a present obligation", and in which it can be reasonably measured.

The provision represents the present value of estimated future expenditure to be incurred as highlighted in the table below which is the current expectation as to when the producing facilities are expected to cease operations. Management engaged a third party to assist with an estimate of the expenditure to be incurred. The estimate for 2022 were done by Ryder Scott for all the OMLs based on current assumptions of the economic environment which management believes to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates.

	Current estimated life span of reserves	
	2022	2021

Seplat West Limited:		
OML 4	2027 – 2037	2027 – 2037
OML 38	2027 – 2034	2027 – 2034
OML 41	2037	2037
Newton Energy Limited (OPL 283)	2037 - 2044	2037 - 2044
Seplat East Onshore Ltd (OML 53)	2028 – 2054	2028 – 2054
Elcrest (OML 40)	2031	2031
Ubima (OML 17)	-	2032

33. Employee benefit obligation

33.1 Defined contribution plan

The Group contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an approved Pension Fund Administrator ('PFA') – a separate entity. The assets of the scheme are managed by various Pension Fund Administrators patronised by employees of the Group. The Group's contributions are charged to the profit and loss account in the year to which they relate.

33.2 Defined benefit plan

i. Investment management strategy and policy

The Group operates a funded defined benefit pension plan in Nigeria under the regulation of National Pension Commission. The plan provides benefits to all the employees (excluding Directors holding salaried employment in the Group) who have been employed by the Group for a continuous period of five years and whose employment have been confirmed. The employee's entitlement to the accrued benefits occurs on retirement from the Group. The level of benefits provided on severance depends on members' length of service and salary at retirement age.

The overall investment philosophy of the defined benefit plan fund is to ensure safety, optimum returns and liquidity in line with the regulation and guidelines of the Pension Reform Act 2014 or guidelines that may be issued from time to time by National Pension Commission.

Plan assets are held in trust. Responsibility for supervision of the plan assets (including investment decisions and contributions schedules) lies jointly with the trustees and the pension fund managers. The trustees are made up of members of the Group's senior management appointed by the Chief Executive Officer. The Group does not have an investment strategy of matching match plan assets with the defined obligations as they fall due, however, the Group has an obligation to settle shortfalls in the plan asset upon annual actuarial valuations.

The provision for the defined benefit plan is based on an independent actuarial valuation performed by Logic Professional Services ("LPS") using the projected unit credit method. The provision is adjusted for inflation, interest rate risks, changes in salary and changes in the life expectancy for the beneficiaries.

The amount payable as at 31 December 2022 was ₦2.9 billion ($6.4 million), (2021: ₦4.2 billion, $10.1 million).

The following tables summarise the components of net defined benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position for the respective plans:

ii. Liability recognised in the financial position

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Defined benefit obligation	7,011	6,442	15,680	15,638
Fair value of plan assets	(4,133)	(2,261)	(9,243)	(5,489)

	2,878	4,181	6,437	10,149

iii. Amount recognised in profit or loss

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Current service cost	964	838	2,158	2,092
Interest cost on defined benefit obligation	864	421	1,932	1,051
Plan amendment	26	-	58	-
	1,854	**1,259**	**4,148**	**3,143**
Return on plan assets	(298)	(128)	(666)	(319)
	1,556	**1,131**	**3,482**	**2,824**

The Group recognises a part of its defined benefit expenses in profit or loss and recharges the other part to its joint operations partners, this is recognised as a receivable from the partners. Below is the breakdown:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Charged to profit or loss	660	439	1,556	1,095
Charged to receivables	896	692	1,926	1,729
Balance as at 31 December	**1,556**	**1,131**	**3,482**	**2,824**

iv. Re-measurement (gains)/losses in other comprehensive income

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Remeasurement gains due to changes in Financial and demographic assumptions	(299)	(953)	(705)	(2,380)
Remeasurement (gains)/losses due to experience adjustment	(629)	503	(1,483)	1,255
Remeasurement gain on plan assets	104	103	244	256
	(824)	**(347)**	**(1,944)**	**(869)**
Deferred tax expense on remeasurement losses	379	296	892	739
Balance as at 31 December	**(445)**	**(51)**	**(1,052)**	**(130)**

The Group recognises a part of the remeasurement losses in other comprehensive income and recharges the other part to its joint operations partners. Below is the breakdown:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000

Recharged to receivables	-	(190)	-	(478)
Credited to other comprehensive income	(825)	(157)	(1,944)	(391)
Remeasurement losses due to changes in financial and demographic assumptions	**(825)**	**(347)**	**(1,944)**	**(869)**

v. Deferred tax (expense)/credit on re- measurement (gains)/losses

The Group recognises deferred tax (credit on a part of the remeasurement (gain)/ losses in other comprehensive income/(loss). Below is the breakdown:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Charged to other comprehensive income	379	133	892	333
Charged to receivables	-	163	-	406
Deferred tax on remeasurement losses	**379**	**296**	**892**	**739**

vi. Changes in the present value of the defined benefit obligation are as follows:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Defined benefit obligation as at 1 January	6,442	5,304	15,638	13,958
Current service cost	965	838	1,571	2,092
Interest cost on benefit obligation	864	421	1,345	1,051
Remeasurement losses due to changes in financial and demographic assumptions	(299)	(953)	(669)	(2,380)
Remeasurement (gains)/losses due to experience adjustments	(629)	503	(1,407)	1,255
Benefits paid by the employer	-	-	-	-
Benefits from the fund	(357)	(135)	(798)	(338)
Exchange differences	25	464	-	-
Defined benefit obligation at 31 December	**7,011**	**6,442**	**15,680**	**15,638**

vii. The changes in the fair value of plan assets is as follows:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Balance as at 1 January	(2,261)	(1,241)	(5,489)	(3,267)
Employer contribution	(2,015)	(1,000)	(4,507)	(2,497)
Return on plan assets	(298)	(128)	(666)	(319)
Benefits paid from fund	357	135	992	338
Remeasurement loss on plan assets	104	103	427	256
Exchange differences	(20)	(130)	-	-
Balance as at 31 December	**(4,133)**	**(2,261)**	**(9,243)**	**(5,489)**

The net liability disclosed above relates to funded plans as follows:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Present value of funded obligations	7,011	6,442	15,680	15,638

Fair value of plan assets	(4,133)	(2,261)	(9,243)	(5,489)
Deficit of funded plans	**2,878**	**4,181**	**6,437**	**10,149**

The fair value of the plan asset of the Group at the end of the reporting period was determined using the market values of the comprising assets as shown below:

	2022			2022		
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity Instrument	97	-	97	217	-	217
Treasury bills and money market	1,519	-	1,519	3,397	-	3,397
Infrastructure Fund	72	-	72	161	-	161
Bonds	356	-	356	796	-	796
Cash at bank	-	2,095	2,095	-	4,685	4,685
Payables	-	(6)	(6)	-	(13)	(13)
Receivables	-	-	-	-	-	-
Total plan asset as at 31 December	**2,044**	**2,089**	**4,133**	**4,571**	**4,672**	**9,243**

	2021			2021		
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity Instrument	73	-	73	177	-	177
Treasury bills and Money market	1,164	-	1,164	2,816	-	2,816
Bonds	440	-	440	1,068	-	1,068
Cash at bank	-	589	589	-	1,431	1,431
Payables	-	(5)	(5)	-	(12)	(12)
Receivables	-	-	-	-	9	9
Total plan asset as at 31 December	**1,677**	**584**	**2,261**	**4,061**	**1,428**	**5,489**

viii. The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	2022 %	2021 %
Discount rate	15	13.5
Average future pay increase	13	12
Average future rate of inflation	13	12

a) Mortality in service

	Number of deaths in year out of 10,000 lives	
Sample age	2022	2021
25	1	1
30	29	29
35	60	60
40	99	99
45	90	90

Withdrawal from service

Age band	Rates 2022	Rates 2021
Less than or equal to 30	1.0%	1.0%
31 – 39	1.5%	1.5%
40 – 44	1.5%	1.5%
45 – 55	1.0%	1.0%
56 – 60	0.0%	0.0%

A quantitative sensitivity analysis for significant assumption is as shown below:

		Discount Rate		Salary increases		Mortality	
Assumptions	Base	1% increase ₦ million	1% decrease ₦ million	1% increase ₦ million	1% decrease ₦ million	1% increase ₦ million	1% decrease ₦ million
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2022	**7,011**	**(6,395)**	**7,719**	**7,759**	**(6,351)**	**7,016**	**(7,006)**
31 December 2021	6,442	(603)	698	733	(642)	3	(4)

		Discount Rate		Salary increases		Mortality	
Assumptions	Base	1% increase $'000	1% decrease $'000	1% increase $'000	1% decrease $'000	1% increase $'000	1% decrease $'000
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2022	**15,680**	**(15,069)**	**18,189**	**18,284**	**(14,966)**	**16,533**	**(16,509)**
31 December 2021	16,086	(1,506)	1,743	1,830	(1,603)	7	(10)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The methods and assumptions used in preparing the sensitivity analysis did not change compared to prior period.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The expected maturity analysis of the undiscounted defined benefit plan obligation is as follows:

	2022 ₦ million	2021 ₦ million	2022 $'000	2021 $'000
Within the next 12 months (next annual reporting period)	421	368	942	919
Between 2 and 5 years	3,202	2,015	7,161	5,031
Between 6 and 10 years	11,423	8,400	25.547	20,975
Beyond 10 years	178,775	143,328	399,828	357,891
	193,821	**154,111**	**433,478**	**384,816**

The weighted average liability duration for the Plan is 12.17 years (2021: 13.96 years). The longest weighted duration for Nigerian Government bond as at 31 December 2022 was about 6.65 years (2021: 7.11 years) with a gross redemption yield of about 15% (2021: 13.28%).

a) Risk exposure

Through its defined benefit pension plans, the Group is exposed to several risks. The most significant of which are detailed below:

b) Liquidity risk

The plan liabilities are not fully funded and as a result, there is a risk that the Group may not have the required cash flow to fund future defined benefit obligations as they fall due.

c) Inflation risk

This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long term asset values and a rise in liability values.

d) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

e) Asset volatility

The Group holds a significant proportion of its plan assets in equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

Details of the Actuary is shown below:

Name of signer	Name of firm	FRC number	Services rendered
Chidiebere Orji	Logic Professional Services	FRC/2021/004/00000022718	Actuary valuation services

34. Trade and other payables

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Trade payable	48,582	49,607	108,654	120,426
Accruals and other payables	96,112	67,630	214,953	164,175
NDDC levy	2,685	5,283	6,004	12,826
Royalties payable	30,749	14,100	68,769	34,228
Overlift payable	27,494	14,584	61,489	35,403
	205,622	**151,204**	**459,869**	**367,058**

Included in accruals and other payables are field accruals of $106.1 million, ₦38 billion (2021: $83.5 million, ₦ 34.4 billion) and other vendor payables of $38.1 million, ₦26.5 billion (Dec 2021: $15.6 million, ₦ 6.4 billion). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Group during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts are remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss and any amount unpaid at the end of the year is recognised in overlift payable.

35. Contract liabilities

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
	-	-	-	-

35.1 Reconciliation of contract liabilities

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000

Opening balance	-	3,599	-	9,470
Recognised as revenue during the year	-	(3,599)	-	(9,470)
Exchange difference	-	-	-	-
	-	-	-	-

Contract liabilities represents take or pay volumes contracted with Azura for 2022 which has been utilized. In line with the contract, Azura can make a demand on the makeup gas but only after they have taken and paid for the take or pay quantity for the respective year. The contract liability is accrued for two years after which the ability to take the makeup gas expires and any outstanding balances are recognised as revenue from contracts with customers.

36. Earnings/(Loss) per share EPS/(LPS)

Basic

Basic EPS/(LPS) is calculated on the Group's profit after taxation attributable to the parent entity, which is based on the weighted average number of issued and fully paid ordinary shares at the end of the year.

Diluted

Diluted EPS/(LPS) is calculated by dividing the profit after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Profit attributable to Equity holders of the parent	26,483	56,786	62,407	141,784
Profit/(loss) attributable to Non-controlling interests	17,950	(9,855)	42,299	(24,608)
Profit for the year	**44,433**	**46,931**	**104,706**	**117,176**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,446	581,646	588,446	581,646
Outstanding share-based payments (shares)	1	2,801	1	2,801
Weighted average number of ordinary shares adjusted for the effect of dilution	**588,447**	**584,447**	**588,447**	**584,447**
Basic earnings per share for the period	₦	₦	$	$
Basic earnings per share	45.00	97.63	0.11	0.24
Diluted earnings per share	45.00	97.16	0.11	0.24
Profit used in determining basic/diluted earnings per share	**26,483**	**56,786**	**62,407**	**141,784**

The weighted average number of issued shares was calculated as a proportion of the number of months in which they were in issue during the reporting period.

37. Dividends paid and proposed

As at 31 December 2022, the final proposed dividend for the Group is ₦11.18, $0.025 (2021: ₦10.3, $0.025) per share and the proposed Special Dividend is ₦22.36, $0.05 per share (2021: nil).

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Cash dividends on ordinary shares declared and paid:				

Dividend for 2022: ₦42.60 ($0.10) per share 588,444,561 shares in issue (2021: ₦50 ($0.13)) per share, 584,035,845 shares in issue)	24,972	29,377	58,844	73,354
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2022: ₦11.18 ($0.025) (2021: ₦10.3 ($0.025)) per share	6,553	6,016	14,655	14,601
Special proposed dividend for the year 2022:				
₦22.36 ($0.05) (2021: nil) per share	13,106	0	29,270	0

During the year, ₦32.2 billion, $44.1 million of dividend was paid at ₦54.70, $0.070 per share as final dividend for 2022. As at 31 March 2022, ₦ 10.47 billion, $ 14.7 million was paid at ₦17.79, $0.02 per share for 2022 Q1; As at 30 June 2022, ₦ 10.62 billion, $ 14.7 million was paid at ₦18.05, $0.02 per share for 2022 Q2; As at 30 September 2022, ₦ 11.10 billion, $ 14.7 million was paid at ₦18.86, $0.02 per share for 2022 Q3. Final and Special Naira dividend payments will be based on the Naira/Dollar rates on the date for determining the exchange rate. The payment is subject to shareholders' approval at the 2022 Annual General Meeting. The tax effect of dividend paid during the year was $4.3 million (₦5.6 billion).

38. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The Parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family. The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below.

i. Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The former Chairman of Seplat is a director and shareholder of SPDCL (BVI). The company provided consulting services to Seplat. Services provided to the Group during the period amounted to $916.5 thousand, ₦409.8 million (2021: $1.1 million, ₦0.45 billion). Payables amounted to nil in the current period.

Amaze Limited: The former Chairman of Seplat is a director and shareholder of Amaze Ltd. The company provided consulting services to Seplat. Services provided to the Group during the period amounted to $1,457 thousand, ₦651.3 million.

ii. Entities controlled by key management personnel (Contracts<$1million in 2022)

Abbeycourt Trading Company Limited: The former Chairman of Seplat is a director and shareholder. The Company provides diesel supplies to Seplat in respect of Seplat's rig operations. This amounted to nil during the period (2021: $222 thousand, ₦88.9 million). Receivables amounted to nil (2021: $6, ₦2,649).

Stage leasing (Ndosumili Ventures Limited): A subsidiary of Platform Petroleum Limited. The company provides transportation services to Seplat. This amounted to nil (2021: $278 thousand, ₦111.3 million). Payables amounted to nil in the current period (2021: $3.2 thousand, ₦1.3 million).

iii. Entities controlled by Directors of the Company

Ubosi Eleh and Company (controlled by Director Ernest Ebi): The Company provided a leasehold property to Seplat. The amount during the period amounted to $53.7 thousand, ₦24 million.

39. Information relating to employees

39.1 Key management compensation

Key management includes executive and members of the leadership team. The compensation paid or payable to key management for employee services is shown below:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Salaries and other short-term employee benefits	1,943	1,560	4,579	3,895

Post-employment benefits	190	179	448	447
Share based payment expenses	692	483	1,632	1,207
	2,825	**2,222**	**6,659**	**5,549**

39.2 Chairman and Directors' emoluments

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Chairman (Non-executive)	412	403	971	1,007
Chief Executive Officer	500	475	1,177	1,186
Executive Directors	508	727	1,196	1,815
Non-Executive Directors	1,006	1,346	2,371	3,361
Total	**2,426**	**2,951**	**5,715**	**7,369**

39.3 Highest paid Director

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Highest paid Director	500	475	1,177	1,186

Emoluments are inclusive of income taxes.

39.4 Number of Directors

The number of Directors (excluding the Chairman) whose emoluments fell within the following ranges was:

	2022	2021
	Number	Number
Zero – ₦19,896,500	-	-
₦19,896,501 – ₦115,705,800	-	-
₦115,705,801 – ₦157,947,600	-	-
Above ₦157,947,600	3	3
	3	**3**

	2022	2021
	Number	Number
Zero – $65,000	-	-
$65,001 – $378,000	-	-
$378,001 – $516,000	-	-
Above $516,000	3	3
	3	**3**

39.5 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,500 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2022	2021
	Number	Number

₦1,989,650 – ₦4,897,600	25	16
₦4,897,601– ₦9,795,200	115	134
₦9,795,201 – ₦14,692,800	197	180
Above ₦14,692,800	259	202
	596	**532**

	2022	2021
	Number	Number
$6,500 – $16,000	25	16
$16,001 – $32,000	115	134
$32,001 – $48,000	197	180
Above $48,000	259	202
	596	**532**

39.6 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2022	2021
	Number	Number
Senior management	36	31
Managers	163	136
Senior staff	312	245
Junior staff	85	120
	596	**532**

39.7 Employee cost

Seplat's staff costs (excluding pension contribution) in respect of the above employees amounted to the following:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Salaries & wages	12.686	13,021	29,894	32,512
	12,686	**13,021**	**29,894**	**32,512**

40. Commitments and contingencies

40.1 Contingent liabilities

The Group is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the year ended 31 December 2022 is ₦5.5 billion, $1.22 million (2021: ₦7.9 billion, $19.2 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

Under the OML 40 Joint Operating Agreement ('JOA'), the Group is responsible for its share of expenditures incurred on OML 40 in respect of its participating interest, on the basis that the operator's estimated expenditures are reasonably incurred based on the approved work program and budget. From time to time, management disputes such expenditures on the basis that they do not meet these criteria, and when this occurs management accrues at the period end for its best estimate of the amounts payable to the operator. Consequently, the amounts recognised as accruals as of 31 December 2022 reflect management's best estimate of amounts that have been incurred in accordance with the JOA and that will ultimately be paid to settle its obligations in this regard.

However, management recognises there are a range of possible outcomes, which may be higher or lower than the management's estimate of accrued expenditure. It is estimated that around $10,233,128 (2021: $10,810,495) of possible expenditure currently remains under dispute.

41. Events after the reporting period

There was no event after the reporting period which could have a material effect on the disclosures and the financial position of the Group as at 31 December 2022 and on its profit or loss and other comprehensive income for the period ended.

Statement of value added

For the year ended 31 December 2022

	2022		2021		2022		2021	
	₦ million	%	₦ million	%	$'000	%	$'000	%
Revenue from contracts with customers	403,913		293,631		951,795		733,188	
Other (loss)/income	(15,302)		8,056		(36,054)		20,118	
Finance income	491		126		1,157		314	
Cost of goods and other services:								
Local	(116,351)		(74,697)		(274,171)		(186,526)	
Foreign	(77,568)		(49,798)		(182,780)		(124,350)	
Valued added	**195,183**	**100%**	**177,318**	**100%**	**459,947**	**100%**	**442,744**	**100%**

Applied as follows:

	2022		2021		2022		2021	
	₦ million	%	₦ million	%	$'000	%	$'000	%
To employees: – as salaries and labour related expenses	23,192	12%	17,268	10%	54,654	12%	43,116	10%
To external providers of capital: – as interest	28,916	15%	30,516	17%	68,141	15%	76,197	17%
To Government: – as Group taxes	28,727	15%	15,061	8%	67,693	15%	37,606	8%
Retained for the Group's future: – For asset replacement, depreciation, depletion & amortization	56,345	29%	58,506	33%	132,776	29%	146,086	33%
Deferred tax (charges)/credit	13,570	7%	9,036	5%	31,977	7%	22,563	5%
Profit for the year	44,433	23%	46,931	27%	104,706	23%	117,176	27%
Valued added	**195,183**	**100%**	**177,318**	**100%**	**459,947**	**100%**	**442,744**	**100%**

The value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the creation of future wealth.

Five-year financial summary

As at 31 December 2022

	2022	2021	2020	2019	2018
	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	403,913	293,631	190,922	214,157	228,391
Profit /(loss) before tax	86,730	71,028	(28,872)	93,955	80,615
Income tax expense	(42,297)	(24,097)	(1,840)	(8,939)	(35,748)
Profit/(loss) for the year	**44,433**	**46,931**	**(30,712)**	**85,016**	**44,867**

	2022	2021	2020	2019	2018
	₦ million	₦ million	₦ million	₦ million	₦ million
Capital employed:					
Issued share capital	297	296	293	289	286
Share premium	91,317	90,383	86,917	84,045	82,080
Share based payment reserve	5,936	4,914	7,174	8,194	7,298
Treasury shares	(2,025)	(2,025)	-	-	-
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	241,386	239,429	211,790	259,690	192,723
Foreign currency translation reserve	447,014	385,348	331,289	202,910	203,153
Non-controlling interest	(2,963)	(20,913)	(11,058)	(7,252)	-
Total equity	**786,894**	**703,364**	**632,337**	**553,808**	**491,472**
Represented by:					
Non-current assets	1,186,869	1,324,724	1,083,683	717,664	502,512
Current assets	394,743	278,812	227,154	286,569	264,159
Non-current liabilities	(527,361)	(702,070)	(499,349)	(258,903)	(184,808)
Current liabilities	(267,357)	(198,102)	(179,151)	(191,522)	(90,391)
Net assets	**786,894**	**703,364**	**632,337**	**553,808**	**491,472**

Five-year financial summary

As at 31 December 2022

	2022	2021	2020	2019	2018
	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers	951,795	733,188	530,467	697,777	746,140
Profit/(loss) before tax	204,376	177,345	(80,209)	306,133	263,364
Income tax (expense)/credit	(99,670)	(60,169)	(5,113)	(29,125)	(116,788)
Profit/(loss) for the year	**104,706**	**117,176**	**(85,322)**	**277,008**	**146,576**

	2022	2021	2020	2019	2018
	$'000	$'000	$'000	$'000	$'000
Capital employed:					
Issued share capital	1,864	1,862	1,855	1,845	1,834
Share premium	522,227	520,138	511,723	503,742	497,457
Share based payment reserve	24,893	22,190	27,592	30,426	27,499
Treasury shares	(4,915)	(4,915)	-	-	-
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,189,697	1,185,082	1,116,079	1,249,156	1,030,954
Foreign currency translation reserve	2,622	1,933	992	2,391	3,141
Non-controlling interest	(16,505)	(58,804)	(34,196)	(23,621)	-
Total equity	**1,759,883**	**1,707,486**	**1,664,045**	**1,803,939**	**1,600,885**
Represented by:					
Non-current assets	2,654,415	3,215,899	2,851,803	2,337,670	1,639,843
Current assets	882,842	676,835	597,770	933,440	860,455
Non-current liabilities	(1,179,436)	(1,704,343)	(1,314,076)	(843,322)	(601,976)
Current liabilities	(597,938)	(480,905)	(471,452)	(623,849)	(294,437)
Net assets	**1,759,883**	**1,707,486**	**1,664,045**	**1,803,939**	**1,600,885**

42. Estimated quantities of proved plus probable reserves

	Oil & NGLs MMbbls	Natural Gas Bscf	Oil Equivalent MMboe
At 31 December 2021	**219.25**	**1,379.44**	**457.07**
Revisions of previous estimates	(3.5)	4.3	(2.8)
Discoveries and extensions	0.0	0.0	0.0
Production	(9.3)	(40.4)	(16.2)
At 31 December 2022	**206.4**	**1,343.3**	**438.07**

Reserves are those quantities of crude oil, natural gas and natural gas liquid that, upon analysis of geological and engineering data, appear with reasonable certainty to be recoverable in the future from known reservoirs under existing economic and operating conditions.

Elcrest holds a 45% participating interest in OML40. Eland holds a 45% interest in Elcrest although has control until such point as Westport loan is fully repaid.

As additional information becomes available or conditions change, estimates are revised.

43. Capitalised costs related to oil producing activities

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Capitalised costs:				
Unproved properties	-	24,901	-	60,450
Proved properties	1,199,570	977,281	2,682,821	2,372,447
Total capitalised costs	**1,199,570**	**1,002,182**	**2,682,821**	**2,432,897**
Accumulated depreciation	(458,231)	(341,437)	(1,024,828)	(828,872)
Net capitalised costs	**741,339**	**660,745**	**1,657,993**	**1,604,025**

Capitalised costs include the cost of equipment and facilities for oil producing activities. Unproved properties include capitalised costs for oil leaseholds under exploration, and uncompleted exploratory well costs, including exploratory wells under evaluation. Proved properties include capitalised costs for oil leaseholds holding proved reserves, development wells and related equipment and facilities (including uncompleted development well costs) and support equipment.

44. Concessions

The original, expired and unexpired terms of concessions granted to the Group as at 31 December 2022 are:

		Original	Term in years expired	Unexpired
Seplat West Limited	OML 4, 38 & 41	38	22	16
Newton	OML 56	16	12	4
Seplat East Swamp	OML 53	30	24	6
Seplat Swamp	OML 55	30	24	6
Elcrest	OML 40	18.8	3	15.8

45. Results of operations for oil producing activities

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Revenue from contracts with customers	356,192	247,651	839,344	618,377
Other income – net	(15,302)	8,056	(36,054)	20,118
Production and administrative expenses	(221,571)	(167,313)	(522,123)	(417,789)
Impairment (losses)/reversal	(2,730)	13,626	(6,432)	34,024
Depreciation & amortization	(54,610)	(54,762)	(128,684)	(136,738)
Profit before taxation	**61,979**	**47,258**	**146,051**	**117,992**
Taxation	(30,775)	(21,007)	(72,527)	(52,453)
Profit for the year	**31,204**	**26,251**	**73,524**	**65,539**

46. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

47. Exchange rates used in translating the accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira

	Basis	31 December 2022	31 December 2021
		N/$	N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical
Property, plant & equipment – additions	Average rate	424.37	400.48
Property, plant & equipment - closing balances	Closing rate	447.13	411.93
Current assets	Closing rate	447.13	411.93
Current liabilities	Closing rate	447.13	411.93
Equity	Historical rate	Historical	Historical
Income and Expenses:	Overall Average rate	424.37	400.48

Company Accounts For the year ended 31 December 2022

28 February 2023

(Expressed in Nigerian Naira
and US Dollars)

Reliable energy,
limitless potential

Seplat Energy

Separate financial statements

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Notes	31 Dec 2022 ₦ million	Restated 31 Dec 2021 ₦ million	31 Dec 2022 $'000	Restated 31 Dec 2021 $'000
Other loss	8	(1,273)	(4)	(2,998)	(10)
General and administrative expenses	9	(18,606)	(6,228)	(43,853)	(15,538)
Impairment reversal/(charge) on financial assets	10	360	(372)	878	(930)
Operating loss		(19,519)	(6,604)	(45,973)	(16,478)
Finance income	11	412	131	971	327
Loss before taxation		(19,107)	(6,473)	(45,002)	(16,151)
Income tax expense	14	-	-	-	-
Loss for the year		**(19,107)**	(6,473)	**(45,002)**	(16,151)
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		58,412	197,801	-	-
Other comprehensive income for the year		58,412	197,801	-	-
Total comprehensive income/(loss) for the year		**39,305**	**191,328**	**(45,002)**	**(16,151)**
Basic loss per share ₦/ ($)	24	(32.47)	(12.98)	(0.08)	(0.03)
Diluted loss per share ₦/ ($)	24	(32.47)	(12.92)	(0.08)	(0.03)

See note 5.1 for details regarding the restatement as a result of an error.

Notes 1 to 29 on pages 148 to 185 are an integral part of these financial statements.

Seplat Energy

Separate financial statements

Separate Statement of financial position

For the year ended 31 December 2022

	Notes	31 Dec 2022 ₦ million	Restated 31 Dec 2021 ₦ million	Restated 1 Jan 2021 ₦ million	31 Dec 2022 $'000	Restated 31 Dec 2021 $'000	Restated 1 Jan 2021 $'000
Assets							
Non-current assets							
Property, plant and equipment	14	680	274	304	1,519	664	799
Investment in subsidiaries	16	871,000	798,795	797,685	1,947,980	1,940,388	1,937,691
Investment in Joint ventures	17	93,904	86,512	79,806	210,016	210,016	210,016
Total non-current assets		**965,584**	**885,581**	**877,795**	**2,159,515**	**2,151,068**	**2,148,506**
Current assets							
Trade and other receivables	18	722,340	520,040	501	1,615,501	1,262,448	1,320
Prepayments	15	97	54	2	218	131	5
Cash and cash equivalents	19	64,913	75,450	61,950	145,185	183,162	163,024
Restricted cash	19	4,321	3,307	10,671	9,664	8,028	28,081
Total current assets		**791,671**	**598,851**	**73,124**	**1,770,568**	**1,453,769**	**192,430**
Total assets		**1,757,255**	**1,484,432**	**950,919**	**3,930,083**	**3,604,837**	**2,340,936**
Equity and Liabilities							
Equity							
Issued share capital	20	297	296	293	1,864	1,862	1,855
Share premium	20	91,317	90,383	86,917	522,227	520,138	511,723
Share based payment reserve	20	6,108	4,914	7,174	24,893	22,190	27,592
Treasury shares	20	(2,025)	(2,025)	-	(4,915)	(4,915)	-
Capital contribution	21	5,932	5,932	5,932	40,000	40,000	40,000
Retained earnings		176,136	220,215	255,859	1,037,830	1,141,676	1,230,666
Foreign currency translation reserve	22	447,429	388,690	393,687	-	-	-
Total shareholders' equity		**725,194**	**708,405**	**749,862**	**1,621,899**	**1,720,951**	**1,811,836**
Current liabilities							
Trade and other payables	23	1,032,061	776,027	201,057	2,308,184	1,883,885	529,100
Total liabilities		**1,032,061**	**776,027**	**201,057**	**2,308,184**	**1,883,885**	**529,100**
Total shareholders' equity and liabilities		**1,757,255**	**1,484,432**	**950,919**	**3,930,083**	**3,604,836**	**2,340,936**

See note 5.1 for details regarding the restatement as a result of an error.

Notes 1 to 30 on pages 148 to 185 are an integral part of these financial statements.

The financial statements of Seplat Energy Plc for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 28 February 2023 and were signed on its behalf by:

B. Omiyi	R.T Brown	E.Onwuka
FRC/2016/IODN/00000014093	FRC/2014/PRO/DIR/003/00000017939	FRC/2020/PRO/ICAN/006/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28 February 2023	28 February 2023	28 February 2023

Separate financial statements
Statement of changes in equity

For the year ended 31 December 2022

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained earnings	Foreign currency translation reserve	Total Equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2021	**293**	**86,917**	**7,174**	**-**	**5,932**	**254,070**	**191,216**	**545,602**
Correction of prior period error	-	-	-	-	-	1,789	-	1,789
Balance at 1 January (Restated)	**293**	**86,917**	**7,174**	**-**	**5,932**	**255,859**	**191,216**	**547,391**
Loss for the year	-	-	-	-	-	(6,473)	-	(6,473)
Other comprehensive loss	-	-	-	-	-	-	197,801	197,801
Total comprehensive loss for the year	-	-	-	-	-	(6,473)	197,801	191,328
Transactions with owners in their capacity as owners:								
Unclaimed dividend forfeited	-	-	-	-	-	206	-	206
Dividends paid	-	-	-	-	-	(29,377)	-	(29,377)
Share based payments (Note 20)	-	-	1,209	-	-	-	-	1,209
Vested shares (Note 20)	3	3,466	(3,469)	-	-	-	-	-
Shares re-purchased (Note 20)	-	-	-	(2,025)	-	-	-	(2,025)
Total	3	3,466	(2,260)	(2,025)	-	(29,171)	-	(29,987)
At 31 December 2021 (Restated)	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**220,215**	**389,017**	**708,732**
At 1 January 2022	296	90,383	4,914	(2,025)	5,932	220,215	389,017	708,732
Loss for the year	-	-	-	-	-	(19,017)	-	(19,017)
Other comprehensive income	-	-	-	-	-	-	58,412	58,412
Total comprehensive (loss)/income for the year	-	-	-	-	-	(19,017)	58,412	39,305
Dividend paid	-	-	-	-	-	(24,972)	-	(24,972)
Share based payments (Note 21)	-	-	263	-	-	-	-	263
Additional investment in subsidiaries – Share-based payment (Note 20)	-	-	3,384	-	-	-	-	3,384
Vested shares (Note 20)	1	934	(2,453)	-	-	-	-	(1,518)
Total	1	934	1,194	-	-	(24,972)	-	(22,843)
At 31 December 2022 (Restated)	**297**	**91,317**	**6,108**	**(2,025)**	**5,932**	**176,136**	**447,429**	**725,194**

See note 5.1 for details regarding the restatement as a result of an error.

Notes 1 to 30 on pages 148 to 185 are an integral part of these financial statements.

Separate financial statements
Statement of changes in equity

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2021	**1,855**	**511,723**	**27,592**	-	**40,000**	**1,225,958**	**1,807,128**
Correction of prior period error	-	-	-	-	-	4,708	4,708
Balance at 1 January 2021 (Restated)	**1,855**	**511,723**	**27,592**	**-**	**40,000**	**1,230,666**	**1,811,836**
Loss for the year	-	-	-	-	-	(16,151)	(16,151)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(16,151)	(16,151)
Transactions with owners in their capacity as owners:							
Unclaimed dividend forfeited	-	-	-	-	-	515	515
Dividends paid	-	-	-	-	-	(73,354)	(73,354)
Share based payments (Note 20)	-	-	3,020	-	-	-	3,020
Vested shares (Note 20)	7	8,415	(8,422)	-	-	-	-
Shares re-purchased (Note 20)	-	-	-	(4,915)	-	-	(4,915)
Total	7	8,415	(5,402)	(4,915)	-	(72,839)	(74,734)
At 31 December 2021 (Restated)	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,141,676**	**1,720,951**
At 1 January 2022	1,862	520,138	22,190	(4,915)	40,000	1,141,676	1,720,951
Loss for the year	-	-	-	-	-	(45,002)	(45,002)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(45,002)	(45,002)
Transactions with owners in their capacity as owners:							
Dividend paid	-	-	-	-	-	(58,844)	(58,844)
Share based payments (Note 20)	-	-	619	-	-	-	619
Additional investment in subsidiaries – Share based payment (Note 20)	-	-	7,569	-	-	-	7,569
Vested shares (Note 20)	2	2,089	(5,485)	-	-	-	(3,394)
Total	2	2,089	2,703	-	-	(58,844)	(54,050)
At 31 December 2022	**1,864**	**522,227**	**24,893**	**(4,915)**	**40,000**	**1,037,830**	**1,621,899**

See note 5.1 for details regarding the restatement as a result of an error.

Notes 1 to 30 on pages 148 to 185 are an integral part of these financial statements.

Seplat Energy

Separate financial statements
Statement of cash flows

For the year ended 31 December 2022

	Notes	31 Dec 2022 ₦ million	Restated 31 Dec 2021 ₦ million	31 Dec 2022 $'000	Restated 31 Dec 2021 $'000
Cash flows from operating activities					
Cash generated from operations	13	68,557	32,310	161,544	78,122
Net cash inflows from operating activities		**68,557**	**32,310**	**161,544**	**78,122**
Cash flows from investing activities					
Deposit for investment	18	(57,367)	-	(128,300)	-
Payment for acquisition of other property, plant and equipment	14	(475)	(34)	(1,122)	(85)
Interest received	11	412	131	971	327
Investment in Subsidiary	16	(3,222)	-	(7,592)	-
Restricted Cash	19.2	(694)	8,260	(1,636)	20,053
Net cash (outflows)/inflows from investing activities		**(61,346)**	**8,357**	**(137,679)**	**20,295**
Cash flows from financing activities					
Shares purchased for employees*	20	-	(2,025)	-	(4,915)
Dividends paid	25	(24,972)	(29,377)	(58,844)	(73,354)
Net cash outflows from financing activities		**(24,972)**	**(31,402)**	**(58,844)**	**(78,269)**
Net (decrease) / increase in cash and cash equivalents		(17,761)	9,265	(34,979)	20,148
Cash and cash equivalents at beginning of the year		77,728	61,950	183,162	163,024
Effects of exchange rate changes on cash and cash equivalents		4,946	4,235	(2,998)	(10)
Cash and cash equivalents at end of the year		**64,913**	**75,450**	**145,185**	**183,162**

*Included in restricted cash, is a balance of $8 million (N3.6 billion) set aside in the Stamping Reserve account for the revolving credit facility (RCF). The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

A garnishee order of $1.6 million, ₦0.7 billion is included in the restricted cash balance as at the end of the reporting period.

*Shares purchased for employees of nil (2021: $4.9 million, ₦2.02 billion) represent shares purchased in the open market for employees of the Company.

Notes 1 to 30 on pages 148 to 185 are an integral part of these financial statements.

Notes to the separate financial statements

For the year ended 31 December 2022

1. Corporate information and business

Seplat Energy Plc (formerly called Seplat Petroleum Development Company Plc, hereafter referred to as 'Seplat' or the 'Company') was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration.

The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, Shell Petroleum Development Company, TOTAL and AGIP, a 45% participating interest in the following producing assets:

OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was ₦104 billion ($340 million) paid at the completion of the acquisition on 31 July 2010 and a contingent payment of ₦10 billion ($33 million) payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds ₦24,560 ($80) per barrel. ₦110 billion ($358.6 million) was allocated to the producing assets including ₦5.7 billion ($18.6 million) as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of ₦10 billion ($33 million) was paid on 22 October 2012.

On 1 January 2020, Seplat Energy Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ("transferred assets") to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

On 20 May 2021, following a special resolution by the Board in view of the Company's strategy of transitioning into an energy Company promoting renewable energy, sustainability, and new energy, the name of the Company was changed from Seplat Petroleum Development Company Plc to Seplat Energy Plc under the Companies and Allied Matters Act 2020.

2. Significant changes in the current accounting period

The following significant changes occurred during the reporting year ended 31 December 2022:

- During the period, Seplat Energy Offshore Limited was incorporated on 7 February 2022. The percentage ownership of the Company is 100%.
- On 22 April 2022, the Company announced the appointment of three new directors as Independent Non-Executive Directors of Seplat Energy Plc, resumption took effect on 18 May 2022. The three new directors are Mrs. Bashirat Odunewu, Mr. Kazeem Raimi and Mr. Ernest Ebi.
- On 7 July 2022, the Company incorporated a subsidiary, Turnkey Drilling Services Limited. The company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services. The percentage ownership of the Company is 100%.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been applied to all the years presented, unless otherwise stated.

3.2 Basis of preparation

The financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared under the going concern assumption and historical cost convention, except for contingent liability and consideration, and defined benefit plans – plan assets measured at fair value. The financial statements are presented in Nigerian Naira and United States Dollars, and all values are rounded to the nearest million (₦'million) and thousand ($'000) respectively, except when otherwise indicated.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

3.3 New and amended standards adopted by the Company

The following standards and amendments became effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

c) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

d) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the separate financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

e) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the separate financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

f) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on separate financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023
- Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023.
- IFRS 16 amended for lease liability measurement in sale and leaseback – Effective date for annual periods beginning on or after January 2024.

3.5 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'), which is the US dollar. The financial statements are presented in Nigerian Naira and the US Dollars.

The Company has chosen to show both presentation currencies and this is allowable by the regulator.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

3.6 Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The company accounts for Interest in the joint venture at cost.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalised. Inspection costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Plant and machinery	20%
Motor vehicles	25%-30%
Office furniture and IT equipment	10%-33.33%
Building	4%
Land	-
Intangible assets	5%
Leasehold improvements	Over the unexpired portion of the lease

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in profit or loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. These costs may arise from; specific borrowings used for the purpose of financing the construction of a qualifying asset, and those that arise from general borrowings that would have been avoided if the expenditure on the qualifying asset had not been made. The general borrowing costs attributable to an asset's construction is calculated by reference to the weighted average cost of general borrowings that are outstanding during the period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.9 Finance income and costs

Finance income

Finance income is recognised in the statement of profit or loss as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the amortised cost of the financial instrument. The determination of finance income considers all contractual terms of the financial instrument as well as any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

3.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently. Other non–financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment.

If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal ('FVLCD') and value in use ('VIU'). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash generating unit to which it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

3.11 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.12 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Company's financial assets as at 31 December 2022 satisfy the conditions for classification at amortised cost under IFRS 9 except for derivatives which are reclassified at fair value through profit or loss.

The Company's financial assets include intercompany receivables, other receivables, cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company's financial liabilities include trade and other payables.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity and;
- where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2022 was nil, (2021: nil). The Company seeks to recover amounts it its legally owed in full but which have been partially written off due to no reasonable expectation of full recovery.

e) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

f) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

g) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when there is legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

h) Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

3.13 Share capital

On issue of ordinary shares any consideration received net of any directly attributable transaction costs is included in equity. Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated subsequent to initial recognition.

3.14 Earnings per share and dividends

Basic EPS

Basic earnings per share is calculated on the Company's profit or loss after taxation and based on the weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share options arising from the share-based payment scheme) into ordinary shares.

Dividend

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3.15 Post-employment benefits

Defined contribution scheme

The Company contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Company. The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Company operates a defined contribution plan, and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

3.16 Provisions

Provisions are recognised when (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and (iii) the amount can be reliably estimated. Provisions are not recognised for future operating losses.

In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted (where the effects of the time value of money is considered to be material) using a pre-tax rate that is reflective of current market assessments of the time value of money and the risk specific to the liability;
- when discounting is used, the increase of the provision over time is recognised as interest expense;
- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.
- Decommissioning

Liabilities for decommissioning costs are recognised as a result of the constructive obligation of past practice in the oil and gas industry, when it is probable that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. The corresponding amount is capitalised as part of the oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation charge. Any adjustment arising from the estimated cost of the restoration and abandonment cost is capitalised, while the charge arising from the accretion of the discount applied to the expected expenditure is treated as a component of finance costs.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

3.17 Income taxation

iv. Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

v. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

vi. Uncertainty over income tax treatments

The Company examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment separately, depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Company concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Company measures the impact of the uncertainty using methods that best predicts the resolution of the uncertainty. The Company uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Company assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Company applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.18 Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

vii. Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of diluted earnings per share.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

viii. Share-based payment reserve

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share award or appreciation right, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.4.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ix. Useful life of other property, plant and equipment

The Company recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Company may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

5. IAS 8 – Accounting policies, changes in accounting estimates and errors

Certain comparative amounts in the statement of profit and loss and other comprehensive income have been restated, as a result of the correction of a prior period error.

5.1 Correction of errors

The Company has made a number of share-based awards under incentive plans since its IPO in 2014. The shares are granted to the employees of both the parent and subsidiary companies. During the prior periods, share based payments relating to employees in other subsidiaries were previously recognised in the books of the parent company as share-based expenses rather than investment in subsidiaries. The error has been corrected by restating each of the affected financial statement line items for the period 2020 and 2021 by reclassifying share-based payments for the prior period from retained earnings to investment in subsidiaries.

Impact on equity (increase/(decrease) in equity)

	Restated 31 Dec 2021	Restated 1 Jan 2021	Restated 31 Dec 2021	Restated 1 Jan 2021
	₦ million	₦ million	$'000	$'000
Investment in subsidiaries	1,110	1,938	2,697	4,708
Total assets	**1,110**	**1,938**	**2,697**	**4,708**
Impact on equity	**1,110**	**1,938**	**2,697**	**4,708**

Impact on statement of profit or loss (increase/(decrease) in profit)

	Restated 31 Dec 2021	Restated 31 Dec 2021
	₦ million	₦'000
General and administrative expenses	(1,110)	(2,697)
	(1,110)	**(2,697)**

6. Financial risk management

6.1 Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk (foreign exchange risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Credit risk	Intercompany receivables, cash and cash equivalents.	Aging analysis Credit ratings	Diversification of bank deposits and credit limits.
Liquidity risk	Trade and other payables	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

6.1.1 Foreign exchange risk

The Company has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Company is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Company holds the majority of its bank balances equivalents in US dollar. However, the Company does maintain deposits in Naira in order to fund ongoing general and administrative activities and other expenditure incurred in this currency. Other monetary assets and liabilities which give rise to foreign exchange risk include trade and other receivables, trade and other payables.

The following table demonstrates the carrying value of monetary assets and liabilities (denominated in Naira) exposed to foreign exchange risks at the reporting date:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and cash equivalents	48,121	63,146	107,622	153,294
Trade and other receivables	710	415	1,587	1,009
	48,831	**63,561**	**109,209**	**154,303**
Financial liabilities				
Trade and other payables	(12,066)	(96)	(26,986)	(234)
Net exposure to foreign exchange risk	**36,765**	**63,465**	**82,223**	**154,069**

The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for pound exposures at the reporting date:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and cash equivalents	628	270	1,404	656
Trade and other receivables	2,685	-	6,006	-
	3,313	**270**	**7,410**	**656**

Sensitivity to foreign exchange risk is based on the Company's net exposure to foreign exchange risk due to Naira and pound denominated balances. If the Naira strengthens or weakens by the following thresholds, the impact is as shown in the table below:

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+10%	(3,342)	-	(7,475)	-
-10%	4,085	-	9,136	-

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2021	2021	2021	2021
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+5%	(3,022)	-	(7,337)	-
-5%	3,340	-	8,109	-

If the Pound strengthens or weakens by the following thresholds, the impact is as shown in the table below:

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+10%	(301)	-	(674)	-
-10%	368	-	823	-

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2021	2021	2021	2021
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+5%	(13)	-	(31)	-
-5%	14	-	35	-

6.1.2 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and intercompany receivables.

f) Risk management

The credit risk on cash and cash equivalents is managed through the diversification of banks in which cash and cash equivalents are held. This risk on cash is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Company's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets. The maximum exposure to credit risk as at the reporting date is:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Trade and other receivables (Gross)	722,339	520,423	1,615,501	1,263,378
Cash and cash equivalent (Gross)	69,312	75,450	155,016	183,162
Gross amount	**791,651**	**595,873**	**1,770,517**	**1,446,540**
Impairment reversal /(charge) of receivables	23	(383)	52	(930)
Net amount	**791,674**	**595,490**	**1,770,569**	**1,445,610**

g) Impairment of financial assets

The Company has two types of financial assets that are subject to IFRS 9's expected credit loss model. The impairment of receivables is disclosed in the table below.

- Cash and cash equivalents
- Intercompany receivables

Reconciliation of impairment on financial assets;

	Notes	₦'million	$'000
As at 1 January 2022		383	930
Decrease in provision for Intercompany receivables	18.2	(395)	(930)
Increase in provision for ANOH receivables	18.4	22	52
Exchange difference		13	-
Impairment charge to the profit or loss		**(360)**	**(878)**
As at 31 December 2022		**23**	**52**

	Notes	₦'million	$'000
As at 1 January 2021		-	-
Increase in provision for Intercompany receivables	19.2	372	930
Exchange difference		11	-
As at 31 December 2021		**383**	**930**

The parameters used to determine impairment for intercompany receivables are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equate the Lifetime PD for stage 2 as the maximum contractual period over which the Company is exposed to credit risk arising from the receivables is less than 12 months.

	Intercompany receivables	Short-term fixed deposits
Probability of Default (PD)	The 12-month sovereign cumulative PD for base case, downturn and upturn respectively is 4.11%, 4.32%, and 3.90%, for stage 1 and stage 2. The PD for stage 3 is 100%.	The PD for base case, downturn and upturn is 4.11%, 4.32% and 3.90% respectively for stage 1 and stage 2. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate and mapped based on the priority rating of the receivable, for emerging economies.	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate bonds for emerging economies.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the short-term fixed deposits to credit risk.
Macroeconomic indicators	The historical inflation and Brent oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.
Probability weightings	20%, 50%, and 30%, was used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	20%, 50% and 30% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.

The Company considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation.

Impairment of financial assets are recognised in three stages on an individual or collective basis as shown below:

- Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).
- Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as the increase in political risk concerns or other micro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.
- Stage 3: This stage includes financial assets that have been assessed as being in default (i.e. receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

x. Cash and cash equivalent

Short term fixed deposits

The Company applies the IFRS 9 general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for cash and cash equivalents. The ECL was calculated as the probability weighted estimate of the credit losses expected to occur over the contractual period of the facility after considering macroeconomic indicators. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2022.

xi. Other cash and cash equivalents

The company assessed the other cash and cash equivalents to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2022 (2021: nil). The assets are assessed to be in stage 1.

Credit quality of cash and cash equivalents (including restricted cash)

The credit quality of the Company's cash and cash equivalents is assessed based on external credit ratings (Fitch national long-term ratings) as shown below:

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Non-rated	-	-	-	-
BBB-	13,543	24,802	30,289	60,210
A	233	47	522	113
A+	40,554	46,241	90,704	112,255
AA-	11,787	4,053	26,362	9,839
AA+	-	-	-	-
AAA-	-	3,614	-	8,773
AAA	3,192	-	7,139	-
Net cash and cash equivalents	**69,309**	**78,757**	**155,016**	**191,190**
Allowance for impairment during the year	(75)	-	(167)	-
Net cash and cash equivalents	**69,234**	**78,757**	**154,849**	**191,190**

xii. Intercompany receivables

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	658,639	-	-	658,639
Loss allowance	-	-	-	-
Net Exposure at Default (EAD)	**658,639**	**-**	**-**	**658,639**

31 December 2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	519,017	-	-	519,017
Loss allowance	(383)	-	-	(383)
Net Exposure at Default (EAD)	**518,634**	**-**	**-**	**518,634**

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	1,473,033	-	-	1,473,033
Loss allowance	-	-	-	-
Net Exposure at Default (EAD)	**1,473,033**	**-**	**-**	**1,473,033**

31 December 2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	1,259,963	-	-	1,259,963
Loss allowance	(930)	-	-	(930)
Net Exposure at Default (EAD)	**1,259,033**	**-**	**-**	**1,259,033**

xiii. Receivables from ANOH

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	894	-	-	894

Loss allowance	(23)	-	-	(23)
Net Exposure at Default (EAD)	**871**	**-**	**-**	**871**

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	1,999	-	-	1,999
Loss allowance	(52)	-	-	(52)
Net Exposure at Default (EAD)	**1,947**	**-**	**-**	**1,947**

h) Maximum exposure to credit risk – financial instruments subject to impairment

The Company estimated the expected credit loss on Intercompany receivables and fixed deposits by applying the general model. The gross carrying amount of financial assets represents the Company's maximum exposure to credit risks on these assets.

All financial assets impaired using the General model (Intercompany and Fixed deposits) are graded under the standard monitoring credit grade (rated B under Standard and Poor's unmodified ratings) and are classified under Stage 1.

i) Roll forward movement in loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslation for assets dominated in foreign currencies and other movements; and Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

j) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's financial assets.

xiv. Expected cashflow recoverable

The table below demonstrates the sensitivity of the Company's profit before tax to a 20% change in the expected cashflows from financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of profit before tax	Effect on profit before tax	Effect on other components of profit before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cash flows				
+20%	38	-	85	-
-20%	(38)	-	(85)	-

xv. Significant unobservable inputs

The table below demonstrates the sensitivity of the Company's profit before tax to movements in the probability of default (PD) and loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(56)	-	(132)	-
-10%	56	-	132	-

The table below demonstrates the sensitivity of the Company's profit before tax to movements in probabilities of default, with all other variables held constant

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(35)	-	(82)	-
-10%	35	-	82	-

The table below demonstrates the sensitivity of the Company's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(41)	-	(97)	-
-10%	41	-	97	-

6.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by ensuring that enough funds are available to meet its commitments as they fall due.

The Company uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are enough cash resources to meet operational needs. Cash flow projections take into consideration the Company's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest bearing current accounts and time deposits.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

The table below represents the trade and other payable for 2022.

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total

	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2022						
Trade and other payables		1,032,061	-	-	-	1,032,061
Total		**1,032,061**	**-**	**-**	**-**	**1,032,061**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2022						
Trade and other payables		2,308,184	-	-	-	2,308,184
Total		**2,308,184**	**-**	**-**	**-**	**2,308,184**

6.1.4 Fair value measurements

Set out below is a comparison by category of carrying amounts and fair value of all financial instruments:

	Carrying amount		Fair value	
	2022	2021	2022	2021
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables	722,340	520,040	722,340	520,040
Cash and cash equivalents	64,913	75,450	64,913	75,450
	787,253	**595,490**	**787,253**	**595,490**
Financial liabilities at amortised cost				
Trade and other payables	1,032,061	776,027	1,032,061	776,027
	1,032,061	**776,027**	**1,032,061**	**776,027**

	Carrying amount		Fair value	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables	1,615,501	1,262,448	1,615,501	1,262,448
Cash and cash equivalents	145,185	183,162	145,185	183,162
	1,760,686	**1,445,610**	**1,760,686**	**1,445,610**
Financial liabilities at amortised cost				
Trade and other payables	2,308,184	1,883,885	2,308,184	1,883,885
	2,308,184	**1,883,885**	**2,308,184**	**1,883,885**

Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding prepayments) and cash and cash equivalents are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature.

6.1.5 Fair Value Hierarchy

As at the reporting period, the Company had classified its financial instruments into the three levels prescribed under the accounting standards. These are all recurring fair value measurements. There were no transfers of financial instruments between fair value hierarchy levels during the year.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of the financial instruments are the same as their fair values.

6.2 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. Consistent with others in the industry, the Company monitors capital based on the following gearing ratio, net debt divided by total capital. Net debt is calculated as trade and other payables less cash and cash equivalents.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Trade and other payables	1,032,061	776,027	2,308,184	1,883,885
Less: cash and cash equivalents	(64,913)	(75,450)	(145,185)	(183,162)
Net debt	967,148	700,577	2,162,999	1,700,723
Total equity	725,194	705,864	1,621,899	1,713,547
Total capital	1,692,342	1,406,441	3,784,898	3,414,270
Net debt (net debt/total capital) ratio	**57%**	**50%**	**57%**	**50%**

Capital includes share capital, share premium, capital contribution and all other equity reserves.

7. Segment reporting

The Company have no operating or reportable segment.

8. Other loss

	2022	2021	2022	2021
	₦ million	₦'million	$'000	$'000
Unrealised foreign exchange loss	(1,273)	(4)	(2,998)	(10)
	(1,273)	**(4)**	**(2,998)**	**(10)**

9. General and administrative expenses

	2022	Restated	2022	Restated

		2021		2021
	₦ million	₦'million	$'000	$'000
Depreciation (Note 15)	112	88	266	220
Professional and consulting fees	11,558	1,733	27,236	4,326
Directors' emoluments (non-executive)	2,054	`1,844	4,842	4,604
Employee benefits (Note 10.1)	821	130	1,934	324
Flights and other travel costs	1,015	421	2,392	1,046
Other general expenses	3,046	2,012	7,183	5,018
	18,606	**6,228**	**43,853**	**15,538**

Seplat Energy Plc Executive Directors' emoluments for are borne by the other subsidiaries. Other general expenses relate to costs such as office maintenance costs, telecommunication costs, logistics costs and others. Professional and consulting fees increase is as a result of strategy related consultancy services and legal fees.

9.1 Salaries and employee related costs include the following:

	2022	Restated 2021	2022	Restated 2021
	₦ million	₦'million	$'000	$'000
Basic salary	377	-	889	-
Other allowances	181	-	426	-
Share-based payment expenses (Note 21.4)	263	130	619	324
	821	**130**	**1,934**	**324**

10. Impairment reversal/(losses) on financial assets

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Impairment (reversal)/loss on financial assets – net (Note 10.1)	(360)	372	(878)	930
Total impairment loss allowance	**(360)**	**372**	**(878)**	**930**

10.1 Impairment reversal/(losses) on financial assets - net

	2022	2021	2022	2021
	₦ million	₦'million	$'000	$'000
Impairment reversal/(losses) on:				
Receivables from ANOH	22	-	52	-
Intercompany receivables	(395)	372	(930)	930
Exchange differences	13		-	-
	(360)	**372**	**(878)**	**930**

11. Finance income

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Interest income	412	131	971	327
Finance income	**412**	**131**	**971**	**327**

Finance income represents interest on short-term fixed deposits.

12. Taxation

Deferred tax assets have not been recognised in respect of the following items because of the uncertainty around the availability of future taxable profits against which the Company can use the benefits therefrom.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Unutilised capital allowance	523	29	1,170	70
Unrealised foreign exchange	1,438	684	3,215	1,661
Share based payment	-	1,010	-	2,453
Tax losses	-	2,827	-	6,862
Impairment loss of intercompany receivables	-	115	-	279
Unrecognised deferred tax asset	**1,961**	**4,665**	**4,385**	**11,325**

13. Computation of cash generated from operations

		2022	Restated 2021	2022	Restated 2021
	Notes	₦ million	₦ million	$'000	$'000
Loss before tax		(19,107)	(6,473)	(45,002)	(16,151)
Adjusted for:					
Depreciation on property, plant and equipment	9	112	88	266	220
Interest income	11	(412)	(131)	(971)	(327)
Impairment (loss)/gain on financial assets	10	(360)	372	(878)	930
Unrealised foreign exchange loss	8	1,273	4	2,998	10
Share based payment expenses	9.1	263	130	619	324
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		(93,234)	(519,705)	(219,700)	(1,261,543)
Prepayments		(37)	(52)	(87)	(126)
Trade and other payables		180,059	558,077	424,299	1,354,785
Net cash from operating activities		**68,557**	**32,310**	**161,544**	**78,122**

14. Property, plant and equipment

	Plant & machinery	Motor vehicle	Office Furniture & IT equipment	Leasehold improvements	Total
Cost	₦ million	₦ million	₦ million	₦ million	₦ million

At 1 January 2022	17	349	-	-	366
Additions	-	211	78	186	475
Exchange difference	1	41	5	10	57
At 31 December 2022	**18**	**601**	**83**	**196**	**898**
Depreciation					
At 1 January 2022	5	87	-	-	92
Charge for the year	3	95	13	1	112
Exchange difference	1	12	1	-	14
At 31 December 2022	**9**	**194**	**14**	**1**	**218**
NBV					
At 31 December 2022	**9**	**407**	**69**	**195**	**680**
Cost					
At 1 January 2021	16	289	-	-	305
Additions	-	34	-	-	**34**
Exchange difference	1	26	-	-	27
At 31 December 2021	**17**	**349**	**-**	**-**	**366**
Depreciation					
At 1 January 2021	1	-	-	-	1
Charge for the year	3	85	-	-	88
Exchange difference	1	2	-	-	3
At 31 December 2021	**5**	**87**	**-**	**-**	**92**
NBV					
At 31 December 2021	**12**	**262**	**-**	**-**	**274**

	Plant & machinery	Motor vehicle	Office Furniture & IT equipment	Leasehold improvements	Total
Cost	$'000	$'000	$'000	$'000	$'000
At 1 January 2022	41	845	-	-	886
Additions	-	498	185	439	1,122
At 31 December 2022	**41**	**1,343**	**185**	**439**	**2,008**
Depreciation					
At 1 January 2022	11	212	-	-	223
Charge for the year	8	225	30	3	266
At 31 December 2022	**19**	**437**	**30**	**3**	**489**
NBV					
At 31 December 2022	**22**	**906**	**155**	**436**	**1,519**
Cost					
At 1 January 2021	41	761	-	-	802

Additions	-	85	-	-	85
At 31 December 2021	**41**	**846**	**-**	**-**	**887**
Depreciation					
At 1 January 2021	3	-	-	-	3
Charge for the year	8	212	-	-	220
At 31 December 2021	**11**	**212**	**-**	**-**	**223**
NBV					
At 31 December 2021	**30**	**634**	**-**	**-**	**664**

15. Prepayments

	2022	2021	2022	2021
Current	₦ million	₦ million	$'000	$'000
Short term prepayments	97	54	218	131
	97	**54**	**218**	**131**

15.1 Short term prepayments

Included in short term prepayment are prepaid service charge expenses for health insurance and motor insurance premium.

16. Investment in subsidiaries

	2022	Restated 31 Dec 2021	Restated 1 Jan 2021	2022	Restated 31 Dec 2021	Restated 1 Jan 2021
	₦ million	₦ million	₦ million	$'000	$'000	$'000
Newton Energy Limited	425	391	391	950	950	950
Seplat Energy UK Limited	23	21	21	50	50	50
Seplat East Onshore Limited	470	247	145	1,052	600	353
Seplat East Swamp Company Limited	14	13	13	32	32	32
Seplat Gas Company Limited	14	13	13	32	32	32
Eland Oil and Gas Limited	218,058	200,891	200,891	487,683	487,683	487,683
Seplat West Limited	651,986	597,219	596,211	1,458,157	1,451,041	1,448,591
Turnkey Drilling Limited	10	-	-	23	-	-
	871,000	**798,795**	**797,685**	**1,947,980**	**1,940,388**	**1,937,691**

16.1 Interest in subsidiaries

		As at 31 Dec 2022	Restated As at 31 Dec 2021	As at 31 Dec 2022	Restated As at 31 Dec 2021	Restated 1 Jan 2021	As at 31 Dec 2022	Restated As at 31 Dec 2021	Restated 1 Jan 2021
Name of entity	Country of incorporation & place of business	Percentage of ownership interest		Carrying amount					
		%	%	₦'million	₦'million	₦'million	$'000	$'000	$'000

Seplat Energy

Newton Energy Limited	Nigeria	99.9	99.9	425	391	391	950	950	950
Seplat Energy UK Limited	United Kingdom	100	100	22	21	21	50	50	50
Seplat East Onshore Limited	Nigeria	99.9	99.9	470	247	145	1,052	600	353
Seplat East Swamp Company Limited	Nigeria	99.9	99.9	14	13	13	32	32	32
Seplat Gas Company Limited	Nigeria	99.9	99.9	14	13	13	32	32	32
Eland Oil and Gas Limited	United Kingdom	100	100	218,058	200,891	200,891	487,683	487,683	487,683
Seplat West Limited	Nigeria	99.9	99.9	651,986	597,219	596,211	1,458,157	1,444,204	1,448,591
Turnkey Drilling Limited	Nigeria	100	-	10	-	-	23	-	-

16.2 Reconciliation of investment in subsidiary

	2022	2022
	₦ million	$'000
At 1 January 2022	798,795	1,940,388
Additional investment in subsidiaries – Share-based payment	3,385	7,569
Additional investment in subsidiary (Turnkey)	10	23
Exchange difference	68,810	-
At 31 December 2022	**871,000**	**1,947,980**

	Restated 31 Dec 2021	Restated 1 Jan 2021	Restated 31 Dec 2021	Restated 1 Jan 2021
	₦ million	₦ million	$'000	$'000
At 1 January 2021	797,685	593,425	1,937,691	1,932,983
Correction of prior period error	1,110	1,938	2,697	4,708
Additional investment in subsidiary	-	-	-	-
Exchange difference	-	202,322	-	-
At 31 December 2021	**798,795**	**797,685**	**1,940,388**	**1,937,691**

17. Investment in Joint ventures

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	₦ million	₦ million	$'000	$'000
Cost	93,904	86,512	210,016	210,016

17.1 Reconciliation of investment in joint venture

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	₦ million	₦ million	$'000	$'000
As 1 January	86,512	79,806	210,016	210,016
Exchange difference	7,392	6,706	-	-
At 31 December	**93,904**	**86,512**	**210,016**	**210,016**

Name of entity	Country of incorporation and place of business	Percentage of ownership interest		Carrying amount			
		As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
		%	%	₦'million	₦'million	$'000	$'000
ANOH Gas Processing Company Limited	Nigeria	50	50	**93,904**	**86,512**	**210,016**	**210,016**

18. Trade and other receivables

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Advances to suppliers	4,995	-	11,172	-
Advance for New Business	57,367	-	128,300	-
Intercompany receivables	658,639	518,634	1,473,033	1,259,033
Receivables from Joint Venture (ANOH)	871	974	1,947	2,365
Other receivables	468	432	1,049	1,050
	722,340	**520,040**	**1,615,501**	**1,262,448**

Advances for new business include deposits of $128.3 million, ₦57.2 billion towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

18.1 Reconciliation of intercompany receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	519,017	313	1,259,963	824
Additions during the year	95,270	546,838	213,070	1,365,457
Receipts for the year	-	(42,578)	-	(106,318)
Exchange difference	44,352	14,444	-	-
Gross carrying amount	658,639	**519,017**	**1,473,033**	**1,259,963**
Less: impairment allowance	-	(383)	-	(930)
Balance as at 31 December	**658,639**	**518,634**	**1,473,033**	**1,259,033**

18.2 Reconciliation of impairment allowance on intercompany receivables

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	383	-	930	-
(Decrease)/Increase in loss allowance during the period	(395)	372	(930)	930
Exchange difference	12	11	-	-
Loss allowance as at 31 December	**-**	**383**	**-**	**930**

18.3 Reconciliation of receivables from joint venture (ANOH)

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	974	178	2,365	469
Additions during the year	-	781	-	1,896
Receipts for the year	(164)	-	(366)	-
Exchange difference	84	15	-	-
Gross carrying amount	**894**	**974**	**1,999**	**2,365**
Less: impairment allowance	(23)	-	(52)	-
Balance as at 31 December	**871**	**974**	**1,947**	**2,365**

18.4 Reconciliation of impairment allowance on receivables from joint venture (ANOH)

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	-	-	-	-
Increase in loss allowance during the period	22	-	52	-
Exchange difference	1	-	-	-
Loss allowance as at 31 December	**23**	**-**	**52**	**-**

19. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank, cash on hand and short-term deposits with a maturity of three months or less.

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Short term fixed deposits	22,637	29,041	50,628	70,499
Cash at bank	42,350	46,409	94,724	112,663
Gross cash and cash equivalent	**64,987**	**75,450**	**145,352**	**183,162**
Loss allowance	(74)	-	(167)	-
Net Cash and cash equivalents	**64,913**	**75,450**	**145,185**	**183,162**

19.1 Restricted cash

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000

Restricted cash	4,321	3,307	9,664	8,028
	4,321	**3,307**	**9,664**	**8,028**

19.2 Movement in restricted cash

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Increase/(decrease) in restricted cash	694	(8,260)	1,636	(20,053)
	694	**(8,260)**	**1,636**	**(20,053)**

Included in restricted cash, is a balance of $8 million (N3.6 billion) set aside in the Stamping Reserve account for the revolving credit facility (RCF). The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

A garnishee order of $1.6 million, ₦0.7 billion is included in the restricted cash balance as at the end of the reporting period.

These amounts are subject to legal restrictions and are therefore not available for general use by the Company.

20. Share capital

20.1 Authorised and issued share capital

	2022	2021	2022	2021
	₦'million	₦'million	$'000	$'000
Authorised ordinary share capital				
588,444,561 ordinary shares denominated in Naira of 50 kobo per share	500	500	3,335	3,335
Issued and fully paid				
588,444,561 (2021: 584,035,845) issued shares denominated in Naira of 50 kobo per share	297	296	1,864	1,862

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Company's share capital.

20.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Total
	Shares	₦'million	₦'million	₦'million	₦'million	₦'million
Opening balance as at 1 January 2022	**584,035,845**	296	90,383	4,914	(2,025)	93,568
Share based payments	-	-	-	263	-	263
Additional investment in subsidiary – Share based payment	-	-	-	3,384	-	3,384
Vested shares	4,719,809	2	2,450	(2,452)	-	-

PAYE tax withheld on vested shares	(311,093)	(1)	(1,516)	-	-	(1,517)
Closing balance as at 31 December 2022	**588,444,561**	**297**	**91,317**	**6,108**	**(2,025)**	**95,697**

	Number of shares	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Total
	Shares	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 January 2022	**584,035,845**	1,862	520,138	22,190	(4,915)	539,275
Share based payments	-	-	-	619	-	619
Additional investment in subsidiary – Share based payment	-	-	-	7,569	-	7,569
Vested shares	4,719,809	5	5,480	(5,485)	-	-
PAYE tax withheld on vested shares	(311,093)	(3)	(3,391)	-	-	(3,394)
Closing balance as at 31 December 2022	**588,444,561**	**1,864**	**522,227**	**24,893**	**(4,915)**	**544,069**

Shares repurchased for employees during the year of nil (2021: $4.9 million) relates to share buy-back programme for Company's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Company's employee beneficiaries covered under the Trust.

20.3 Share Premium

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Share premium	91,317	90,383	522,227	520,138

Section 120.2 of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires that where a Company issues shares at premium (i.e., above the par value), the value of the premium should be transferred to share premium.

During the year, an additional 4,719,809 shares vested with a fair value of $5.49 million. The excess of $5.48 million above the nominal value of ordinary shares have been recognised in share premium.

20.4 Employee share-based payment scheme

As at 31 December 2022, the company had awarded 94,038,312 shares (2021: 73,966,540 shares) to certain employees and senior executives in line with its share-based incentive scheme. Included in the share-based incentive schemes is one additional scheme (2022 LTIP Scheme) awarded during the reporting period. During the reporting period, 7,821,418 shares had vested out of which 3,101,609 shares were forfeited in relation to participants whose employment was terminated during the vesting period. The average forfeiture rate due to failure to meet non-market vesting condition is 16.19% while the average due to staff exit is 24.36%. The impact of applying the forfeiture rate of 25% on existing LTIP awards which are yet to vest will result in a reduction of share-based compensation expense for the year by $3,531,176. The number of shares that eventually vested during the year after the forfeiture and conditions above is 4,719,809 (Dec 2021: 5,736,761) shares were vested.

xvi. Description of the awards valued

The Company has made a number of share-based awards under incentive plans since its IPO in 2014: IPO-related grants to Executive and Non-Executive Directors, 2018/2020 deferred bonus awards and 2020 Long-term Incentive plan ('LTIP') awards. Shares under these incentive plans were awarded at the IPO in April 2014, 2015, 2016, 2017,2018 and 2020 conditional on the Nigerian Stock Exchange ('NSE') approving the share delivery mechanism proposed by the Company. A number of these awards have fully vested.

Seplat Deferred Bonus Award

25% of each Executive Director's 2019 bonus (paid in 2020) has been deferred into shares and would be released in 2022 subject to continued employment over the vesting period. 2020 deferred bonus was approved by the Board and vested in 2022. No performance criteria are attached to this award. As a result, the fair value of these awards is calculated using a Black Scholes model.

Long Term Incentive Plan (LTIP) awards

Under the LTIP Plan, shares are granted to management staff of the organisation at the end of every year. The shares were granted to the employees at no cost. The shares vest (after 3 years) based on the following conditions.

- 25% vesting for median relative TSR performance rising to 100% for upper quartile performance on a straight-line basis.
- Relative TSR vesting reduced by 75% if 60% and below of operational and technical bonus metrics are achieved, with 35% reduction if 70% of operational and technical bonus metrics are achieved and no reduction for 80% or above achievement.
- If the Company outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the NSE.

xvii. Share based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2022	Restated 2021	2022	Restated 2021
	₦'million	₦'million	$'000	$'000
Expense arising from equity-settled share-based payment transactions	263	130	619	324

The asset arising as a result of share-based payment expenses incurred on employees of subsidiaries during the year is shown in the following table:

	2022	Restated 2021	2022	Restated 2021
	₦'million	₦'million	$'000	$'000
Additional investment in subsidiaries – Share-based payment (Note 16.2)	3,385	1,110	7,569	2,696

There were no cancellations to the awards in 2022. The share awards granted to Executive Directors and confirmed employees are summarised below:

Scheme	Deemed grant date	Start of Service Period	End of service period	Vesting status	Number of awards
Global Bonus Offer	4 November 2015	9 April 2014	9 April 2015	Fully	6,472,138
Non- Executive Shares	4 November 2015	9 April 2014	9 April 2015	Fully	793,650
2014 Deferred Bonus	14 December 2015	14 December 2015	21 April 2017	Fully	212,701
2014 Long term incentive Plan	14 December 2015	14 December 2015	09 April 2017	Fully	2,173,259
2015 Long term incentive Plan	31 December 2015	14 December 2015	21 April 2018	Fully	5,287,354
2015 Deferred Bonus	21 April 2016	21 April 2016	20 April 2018	Fully	247,610
2016 Long term incentive Plan	22 December 2016	22 December 2016	21 December 2019	Fully	10,294,300
2016 Deferred Bonus	24 November 2017	24 November 2017	20 April 2019	Fully	278,191
2017 Long term incentive Plan	24 November 2017	24 November 2017	20 April 2020	Fully	7,938,589

2017 Deferred Bonus	2 May 2018	2 May 2018	31 December 2019	Fully	193,830
2018 Long term incentive Plan	2 May 2018	2 May 2018	2 May 2021	Fully	6,936,599
2018 Deferred Bonus	2 May 2019	2 May 2019	31 December 2020	Fully	341,069
2019 Long term incentive Plan	2 May 2019	2 May 2019	2 May 2022	Partially	7,648,850
2019 Deferred Bonus	30 Apr 2020	30 Apr 2020	31 Dec 2021	Fully	214,499
2020 Long term incentive Plan	30 Apr 2020	30 Apr 2020	1 May 2023	Partially	10,828,156
2020 Long term incentive Plan	2 Dec 2020	2 Dec 2020	2 Dec 2023	Partially	1,110,057
2021 Long term incentive Plan	2 November 2021	2 November 2021	2 November 2024	Partially	12,995,688
2021 Long term incentive plan – Executives	10 March 2022	10 March 2022	2 November 2024	Partially	5,133,469
2020 Deferred Bonus	10 March 2022	10 March 2022	31 December 2022	Fully	172,586
2022 Long term incentive plan	30 May 2022	30 May 2022	30 May 2025	Partially	13,811,252
2021 Deferred Bonus	10 March 2022	10 March 2022	31 December 2023	Partially	439,908
COO Sign on Bonus	4 August 2022	4 August 2022	1 July 2024	Partially	514,575
					94,038,312

xviii. Determination of Share awards outstanding

Share awards used in the calculation of diluted earnings per shares are based on the outstanding shares as at 31 December 2022.

Share award scheme (all awards)	2022 Number	2022 WAEP ₦	2021 Number	2021 WAEP ₦
Outstanding at 1 January	2,800,942	442	8,806,987	843
Granted during the year	25,036,212	442	1,145,053	415
Exercise during the year	(4,719,809)		(5,736,761)	
Forfeited during the year	(3,101,609)		(1,414,337)	
Outstanding at 31 December	**20,015,736**	**259**	**2,800,942**	**442**

Share award scheme (all awards)	2022 Number	2022 WAEP $	2021 Number	2021 WAEP $
Outstanding at 1 January	2,800,942	1.10	8,806,987	2.22
Granted during the year	25,036,212	1.10	1,145,053	1.04
Exercised during the year	(4,719,809)		(5,736,761)	
Forfeited during the year	(3,101,609)		(1,414,337)	
Outstanding at 31 December	**20,015,736**	**0.58**	**2,800,942**	**1.10**

The following table illustrates the number and weighted average exercise prices ('WAEP') of and movements in deferred bonus scheme and long-term incentive plan during the year for each available scheme.

Deferred Bonus Scheme	2022 Number	2022 WAEP ₦	2021 Number	2021 WAEP ₦
Outstanding at 1 January	-	-	86,151	509
Granted during the year	479,564	541	128,348	415
Exercised during the year	(172,568)		(214,499)	-
Outstanding at 31 December	**306,996**	**483**	**-**	**-**

Deferred Bonus Scheme	2022 Number	2022 WAEP $	2021 Number	2021 WAEP $
Outstanding at 1 January	-	-	86,151	0.62
Granted during the year	479,564	1.21	128,348	1.04
Exercised during the year	(172,568)		(214,499)	-
Forfeited during the year	-		-	-
Outstanding at 31 December	**306,996**	**1.08**	**-**	**-**

The fair value of the modified options was determined using the same models and principles as described in the table below on the inputs to the models used for the scheme.

Long term incentive Plan (LTIP)	2022 Number	2022 WAEP ₦	2021 Number	2021 WAEP ₦
Outstanding at 1 January	2,800,942	492	8,720,836	509
Granted during the year	24,556,648	-	1,016,705	415
Exercised during the year	(4,547,241)		(5,522,262)	
Forfeited during the year	(3,101,740)		(1,414,337)	
Outstanding at 31 December	**19,708,740**	**322**	**2,800,942**	**442**

Long term incentive Plan (LTIP)	2022 Number	2022 WAEP $	2021 Number	2021 WAEP $
Outstanding at 1 January	2,800,942	1.10	8,720,836	1.34
Granted during the year	24,556,648		1,016,705	1.04
Exercised during the year	(4,547,241)		(5,522,262)	
Forfeited during the year	(3,101,740)		(1,414,337)	
Outstanding at 31 December	**19,708,740**	**0.72**	**2,800,942**	**1.10**

The shares are granted to the employees at no cost. The weighted average remaining contractual life for the share awards outstanding as at 31 December 2022 range from 0.8 to 2.3 years (2021: 0.2 to 2.7 years).

The weighted average fair value of awards granted during the year range from ₦170 to ₦581 (2021: ₦415 to ₦442.32), \$0.38 to \$1.30 (2021: \$1.04 to \$1.10).

The fair value at grant date is independently determined using the Monte Carlo Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

xix. Inputs to the models

The following table lists the inputs to the models used for the share awards outstanding in the respective plans for the year ended 31 December 2022:

Weighted average fair values at the measurement date	2019 LTIP	2020 LTIP	2021 LTIP	2021 LTIP-Execs	2022 LTIP
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	35%	43%	51.68%	59.29%	59.86%

Risk–free interest rate (%)	0.76%	0.44%	0.31%	2.17%	2.53%
Expected life of share options	3.00	3.00	3.00	2.64%	3.00
Share price at grant date ($)	1.7	0.51	0.66	1.12	1.18
Share price at grant date (₦)	521.9	193.48	264.32	465.74	489.76
Model used	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

20.5 Treasury shares

This relates to Share buy-back programme for Company's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Company's employee beneficiaries covered under the Trust.

21. Capital contribution

In accordance with the Shareholders' Agreement, the amount was used by the Company for working capital as was required at the commencement of operations.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Capital contribution	5,932	5,932	40,000	40,000

22. Foreign currency translation reserve

Cumulative exchange difference arising from translation of the Company's results and financial position into the presentation currency and from translation of foreign subsidiary is taken to foreign currency translation reserve through other comprehensive income.

23. Trade and other payables

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Trade payable	13,103	-	29,304	-
Accruals and other payables	246	756	545	1,838
Intercompany payable	1,018,712	775,271	2,278,335	1,882,047
	1,032,061	**776,027**	**2,308,184**	**1,883,885**

24. Loss per share (LPS)

Basic

Basic LPS is calculated on the Company's profit after taxation attributable to the company and based on weighted average number of issued and fully paid ordinary shares at the end of the year.

Diluted

Diluted LPS is calculated by dividing the profit after taxation attributable to the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Loss for the year	(19,107)	(7,552)	(45,002)	(18,847)

	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,446	581,646	588,446	581,646
Outstanding share-based payment (shares)	1	2,801	1	2,801
Weighted average number of ordinary shares adjusted for the effect of dilution	588,447	584,447	588,447	584,447
	₦	₦	$	$
Basic loss per share	(32.47)	(12.98)	(0.08)	(0.03)
Diluted loss per share	(32.47)	(12.92)	(0.08)	(0.03)

The shares were weighted for the proportion of the number of months they were in issue during the reporting period.

25. Dividends paid and proposed

As at 31 December 2022, the final proposed dividend for the Company is ₦11.18, $0.025 (2021: ₦10.3, $0.025) per share and the proposed Special Dividend is ₦22.36, $0.05 per share (2021: nil).

	2022	2021	2022	2021
	₦ million	₦ million	$'000	$'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2022: ₦42.60 ($0.10) per share 588,444,561 shares in issue (2021: ₦50 ($0.13) per share, 584,035,845 shares in issue)	24,972	29,377	58,844	73,354
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2022: ₦11.18 ($0.025) (2021: ₦10.3 ($0.025) per share	6,553	6,016	14,655	14,601
Special proposed dividend for the year 2022:				
₦22.36 ($0.05) (2021: nil) per share	13,106	0	29,270	0

During the year, ₦32.2 billion, $44.1 million of dividend was paid at ₦54.70, $0.070 per share as final dividend for 2022. As at 31 March 2022, ₦ 10.47 billion, $ 14.7 million was paid at ₦17.79, $0.02 per share for 2022 Q1; As at 30 June 2022, ₦ 10.62 billion, $ 14.7 million was paid at ₦18.05, $0.02 per share for 2022 Q2; As at 30 September 2022, ₦ 11.10 billion, $ 14.7 million was paid at ₦18.86, $0.02 per share for 2022 Q3. Final and Special Naira dividend payments will be based on the Naira/Dollar rates on the date for determining the exchange rate. The payment is subject to shareholders' approval at the 2022 Annual General Meeting. The tax effect of dividend paid during the year was $4.3 million (₦5.6 billion).

26. Related party relationships and transactions

The Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family and 8.20% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below. The outstanding balances payable to/receivable from related parties are unsecured and are payable/receivable in cash.

26.1 Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'):

The Chairman of Seplat is a director and shareholder of SPDCL (BVI). The company provided consulting services to Seplat. Services provided to the Company during the period amounted to $916.5 thousand, ₦409.8 million (2021: $1.1 million, ₦0.45 billion). Payables amounted to nil in the current period.

27. Information relating to employees

27.1 Number of directors

The number of Directors whose emoluments fell within the following ranges was:

	2022	2021
	Number	Number
Zero – ₦19,896,500	-	-
₦19,896,501 – ₦115,705,800	-	-
₦115,705,801 – ₦157,947,600	-	-
Above ₦157,947,600	3	3
	3	**3**

	2022	2021
	Number	Number
Zero – $65,000	-	-
$65,001 – $378,000	-	-
$378,001 – $516,000	-	-
Above $516,000	3	3
	3	**3**

27.2 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,500 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2022	2021
	Number	Number
₦1,989,650 – ₦4,897,600	25	16
₦4,897,601– ₦9,795,200	101	118
₦9,795,201 – ₦14,692,800	153	140
Above ₦14,692,800	252	201
	531	**475**

	2022	2021
	Number	Number
$6,500 – $16,000	25	16
$16,001 – $32,000	101	118
$32,001 – $48,000	153	140
Above $48,000	252	201
	531	**475**

27.3 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2022	2021

	Number	Number
Senior management	35	30
Managers	155	128
Senior staff	297	237
Junior staff	44	80
	531	**475**

28. Commitments and contingencies

28.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the year ended 31 December 2022 is ₦5.5 billion, $1.22 million (2021: ₦7.9 billion, $19.2 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

29. Events after the reporting period

There was no event after the reporting period which could have a material effect on the disclosures and the financial position of the Company as at 31 December 2022 and on its profit or loss and other comprehensive income for the period ended.

Statement of value added

For the year ended 31 December 2022

	2022		Restated 2021		2022		Restated 2021	
	₦ million	%	₦ million	%	$'000	%	$'000	%
Other loss	(1,273)		(4)		(2,998)		(10)	
Finance income	412		131		971		327	
Cost of goods and other services:								

Local	(9,212)		(6,382)		(21,834)		(15,924)	
Foreign	(6,141)		-		(14,556)		-	
Valued added	**(16,214)**	**100%**	**(6,225)**	**100%**	**(38,417)**	**100%**	**(15,607)**	**100%**

Applied as follows:

	2022		Restated 2021		2022		Restated 2021	
	₦ million	%	₦ million	%	$'000	%	$'000	%
To employees: – as salaries and labour related expenses	821	(5%)	1,209	(19%)	1,934	(5%)	3,020	(19%)
To government: – as company taxes	1,961	(12%)	-	-	4,385	(11%)	-	-
Retained for the Company's future: – For asset replacement, depreciation, depletion & amortization	112	(1%)	88	(1%)	266	(1%)	220	(1%)
Loss for the year	(19,107)	118%	(7,552)	120%	(45,002)	117%	(18,847)	120%
Valued added	**(16,214)**	**100%**	**(6,255)**	**100%**	**(38,417)**	**100%**	**(15,607)**	**100%**

The value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the creation of future wealth.

Supplementary financial information (unaudited)

For the year ended 31 December 2022

	2022	Restated 2021	Restated 2020	2019	2018
	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	-	-	-	200,733	217,174
(Loss)/profit before taxation	(19,107)	(6,473)	(7,160)	79,613	85,429
Income tax expense	-	-	-	(13,484)	(35,748)
(Loss)/profit for the year	**(19,107)**	**(6,473)**	**(7,160)**	**66,129**	**49,681**

	2022	2021	2020	2019	2018
	₦ million	₦ million	₦ million	₦ million	₦ million
Capital employed:					
Issued share capital	297	296	293	289	286
Share premium	91,317	90,383	86,917	84,045	82,080
Share based payment reserve	6,108	4,914	7,174	8,194	7,298
Treasury shares	(2,025)	(2,025)	-	-	-
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	176,136	220,215	255,859	282,228	234,148
Foreign translation reserve	447,429	388,690	393,687	196,535	196,552
Total equity	**725,194**	**708,405**	**749,862**	**577,223**	**526,296**
Represented by:					
Non-current assets	965,584	885,581	877,795	518,366	328,870
Current assets	791,671	598,851	73,124	539,423	514,131
Non-current liabilities	-	-	-	(233,715)	(173,276)
Current liabilities	(1,032,061)	(776,027)	(201,057)	(246,851)	(143,429)
Net assets	**725,194**	**708,405**	**749,862**	**577,223**	**526,296**

	2022	Restated 2021	2020	2019	2018
	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers	-	-	-	654,037	709,493
(Loss)/profit before taxation	(45,002)	(16,151)	(19,897)	259,411	279,093
Income tax expense	-	-	-	(43,934)	(116,788)
(Loss)/profit for the year	**(45,002)**	**(16,151)**	**(19,897)**	**215,477**	**162,305**

	2022	Restated 2021	2020	2019	2018
	$'000	$'000	$'000	$'000	$'000
Capital employed:					
Issued share capital	1,864	1,862	1,855	1,845	1,834
Share premium	522,227	520,138	511,723	503,742	497,457
Share based payment reserve	24,893	22,190	27,592	30,426	27,499
Treasury shares	(4,915)	(4,915)			
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,037,830	1,141,677	1,230,666	1,304,197	1,147,526
Total equity	**1,621,899**	**1,720,952**	**1,811,836**	**1,880,210**	**1,714,316**
Represented by:					
Non-current assets	2,159,515	2,151,068	2,148,506	1,688,491	1,071,233
Current assets	1,770,568	1,453,769	192,430	1,757,082	1,674,694
Non-current liabilities	-	-	-	(761,285)	(564,416)
Current liabilities	(2,308,184)	(1,883,885)	(529,100)	(804,078)	(467,195)
Net assets	**1,621,899**	**1,720,952**	**1,811,836**	**1,880,210**	**1,714,316**

30. Exchange rates used in translating the accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira

	Basis	31 December 2022	31 December 2021
		N/$	N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical
Property, plant & equipment – additions	Average rate	424.37	400.48
Property, plant & equipment - closing balances	Closing rate	447.13	411.93
Current assets	Closing rate	447.13	411.93
Current liabilities	Closing rate	447.13	411.93
Equity	Historical rate	Historical	Historical
Income and Expenses:	Overall Average rate	424.37	400.48