Unaudited results for the three months ended 31 March 2023

27 April 2023

Reliable energy,
limitless potential

Lagos and London, 27 April 2023: Seplat Energy PLC ("Seplat Energy" or "the Company"), a leading Nigerian independent energy company listed on both the Nigerian Exchange and the London Stock Exchange, announces its unaudited results for the three months ended 31 March 2023.

Financial highlights

- Revenues up 37% to $331.0 million (including overlift of $75.4 million), driven by higher production volumes
- Strong cash generation of $139.9 million, capex of $44.7 million
- Balance sheet strengthened with $459.7 million cash at bank, net debt down to $288.2 million ($130 million MPNU cash deposit not included)
- Unit production opex of $9.0/boe
- Average realised oil price of $82.32/bbl
- Average realised gas price climbed to $2.88/Mscf following price renegotiation with clients leading to upward price adjustments

Operational highlights

- Working interest production increased by 8.6% to 51,720 boepd, in upper half of guidance range
- Amukpe-Escravos Pipeline (AEP) supporting higher export volumes from key Western Assets
- New OP-15 well boosting liquids production at OML 40, with Oben-34 well boosting gas production
- Achieved more than 3.8 million hours without Lost Time Injury (LTI) at Seplat-operated assets
- Full-year guidance retained at 45-55 kboepd
- Carbon intensity figure of 26.4kg/boe

Corporate updates

- Core annual dividend target raised by 20% to US 12 cents; Q1 dividend declared of US 3 cents per share
- Applications submitted for conversion of Oil Mining Leases under the new PIA regime
- The Company announced its Board of Directors' Succession Forward Plan on 25 April 2023

Update on proposed acquisition of Mobil Producing Nigeria Unlimited (MPNU)

- We remain confident that the proposed acquisition will be brought to a successful conclusion and continue to engage with all relevant parties

Basil Omiyi, Independent Chairman, said:

"Seplat Energy's management and staff have once again delivered excellent performance, with production volumes up, unit production cost down and strong cash generation enabling the Board to increase our annual core dividend target from US 10 cents to US 12 cents per share, paid in equal quarterly dividends. As a result, we have declared a Q1 2023 dividend of US 3 cents per share.

"The year has started strongly, and we are now seeing the benefits of the AEP, through which we are exporting significant amounts of oil. On the ANOH gas plant, our partners have made good progress in the quarter on delivering the OB3 and Spur pipelines, as well as the necessary gas wells, and we maintain Q4 2023 for first gas. We continue to engage with all relevant parties in the proposed acquisition of MPNU and are confident of a successful outcome.

"I wish to thank all our staff for remaining focused on delivering this strong performance, united in their support of Seplat's management team, against a backdrop of unnecessary distractions that will not derail our progress and ambition to become Nigeria's leading energy supplier.

"The Board announced its Succession Forward Plan earlier this month and I look forward to steering this national energy champion in my final year as Chairman, fully resolved to implement the strong corporate governance that will enable Seplat Energy to grow and achieve its ambition to create a sustainable business that maximises returns for all stakeholders, while delivering an energy transition that drives social and economic benefits for all Nigerians."

Summary of performance

	$ million			₦ billion	
	Q1 2023	Q1 2022	% Change	Q1 2023	Q1 2022
Revenue	331.0	241.8	36.9%	152.0	100.6
Gross profit	198.3	117.3	69.0%	91.1	48.8
EBITDA *	140.2	147.8	-5.1%	64.4	61.3
Operating profit (loss)	103.7	102.1	1.6%	47.6	42.5
Profit (loss) before tax	86.1	83.4	3.2%	39.5	34.7
Cash generated from operations	139.9	178.7	-21.7%	64.2	74.4
Working interest production (boepd)	51,720	47,628	8.6%		
Volumes lifted (MMbbls)	3.6	2.2	63.6%		
Average realised oil price ($/bbl.)	$82.32	$97.53	-15.6%		
Average realised gas price ($/Mscf)	$2.88	$2.76	4.4%		

* Adjusted for non-cash items

Responsibility for publication

This announcement has been authorised for publication on behalf of Seplat Energy by Emeka Onwuka, Chief Financial Officer, 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 because of new information, future events or otherwise, except to the extent legally required.

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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. https://www.seplatenergy.com/

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Operating review

Upstream business performance

Working interest production for the three months ended 31 March 2023

		Q1 2023			Q1 2022		
		Liquids	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	17,613	124.1	39,002	17,656	107.4	36,179
OML 40	45%	9,568	-	9,568	7,420	-	7,420
OML 53	40%	1,280	-	1,280	2,712	-	2,712
OPL 283	40%	1,870	-	1,870	1,317	-	1,317
Total		**30,331**	**124.1**	**51,720**	**29,105**	**107.4**	**47,628**

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OML 56 flow station.
Gas conversion factor of 5.8 boe per scf.
Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

Overall, oil and gas production for the period totalled 4.7 MMboe compared to 4.3 MMboe in the same period in 2022.

Seplat Energy's liquids (oil and condensate) operations produced 2.7 MMbbls on a working interest basis in Q1 2023 (Q1 2022: 2.6 MMbbls). Average working interest production continued to improve in Q1 2023, closing in the upper half of the guidance range (set at 45-55 kboepd) at 51,720 boepd, 8.6% higher than Q1 2022 of 47,628 boepd. The split across liquids and gas was 59% liquids and 41% gas, as liquids grew by 4.2% to 30,331 bopd (Q1 2022: 29,105 bopd) while gas grew 15.5% to 124.1 MMscfd (Q1 2022: 107.4 MMscfd). The increase was largely driven by the new Oben-34 gas well coming on stream. In addition, the use of AEP has provided a significant boost to production, adding an export route that has optimised oil and gas production from the western assets resulting in third-party downtime of 7% in the period. Third-party deferment for the Group was 20%, which was majorly impacted by the high deferments rate on Ohaji, mainly caused by tank top issues triggered by election restrictions at the Waltersmith refinery and the TEP outage affecting production in OML 40.

Drilling and other capital projects

The Group's 2023 drilling programme has 18 wells planned to arrest the decline and grow production across the assets (including non-operated assets). In the first quarter of the year, OP-17, which was accelerated into the 2022 programme and spudded in December was completed and producing at a gross rate of c.3,000 bopd. The Sibiri-2 well in OML 40 has been drilled to TD, with target reservoirs completed and currently awaiting approval to stream the well. The drilling of the remaining three wells planned for Q1 (Ovhor DMFU-03, Orogho 8, and GB-J) is ongoing and upon completion expected to produce a combined gross rate of c.4000 bopd and 20 MMscfd of gas.

Construction of the 9km flowline to connect the Ethiope-2 well completed in 2022 with expected production of c. 1000 bopd and 0.6 MMscfd gas is progressing well and scheduled to be completed by May 2023.

Midstream Gas business performance

Working interest gas volumes for the period were 124.1 MMscfd (9M 2021: 107.4 MMscfd). The Gas business contributed 41% of the Group's volumes on a boepd basis and 10% of Group revenues. Gas sales volumes in the period were supported by the new Oben-34 well, which increased gas sales to customers. In addition, improvement in oil evacuation during the period led to a recovery in associated gas volumes.

ANOH Gas Processing Plant

To date, the IJV (AGPC) has achieved 100% installation of all equipment necessary for mechanical completion of the gas plant and progressed overall mechanical project completion at the gas plant site to 92%; we expect the plant to be mechanically complete in Q3 2023. On safety, AGPC recently achieved 8 million man-hours without lost time injury on the project.

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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. As previously reported, the OB3 pipeline had been affected by the collapsing of the HDD wall in a section of a river crossing. However, the grouting process has since commenced and six holes have been grouted successfully so far. In addition, all grouting rigs are now onsite. Drilling and pipe installation operations will resume after completion of grouting at the island section. The target completion of tunnelling, equipment demobilisation and tie-ins of both ends is Q3 2023. The project was at 97% completion prior to suspension of work on the project.

On the spur line project, our government partner has confirmed the revised completion target as Q3 2023. Line pipes required to complete all sections of the 23.3km spur line have now been delivered to the project site. The first phase of the spur line (5.5km length) has been completed with another 4.5km ongoing. Activities on the spur line will commence in the first week of May, following remobilisation engagement with community. The project was at 69% completion at the end of FY 2022.

Despite estimated completion for the pipeline infrastructure being Q3 2023, we have taken a cautious approach to guidance and further risked the completion dates, moving our guidance on first gas to Q4 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 two wells additional to the two already completed in 2022, is expected to be delivered by the upstream unit operator SPDC in 2023.

New Energy business

The key investment opportunities being considered include selective entry to off-grid power generation using gas-fired generation integrated with solar and offset possibilities on a wide range of emission reduction activities in various global carbon markets. We have commenced commercial due diligence and third-party validation of the identified opportunities towards FID target of before the end of 2023.

HSE Performance

Safe and responsible operations are critical to the delivery of Seplat Energy's strategy. We achieved more than 3.8 million hours without Lost Time Injury (LTI) on our operated assets.

Staff and contractors worked 1.9 million hours without fatalities or LTI for the period. There were 16 HSE incidents in total, compared to 23 incidents in Q1 2022. Notably, we have not recorded any spills in the first quarter.

The estimated carbon intensity for our operated assets was 26.4 kgCO2/boe. We continue to implement initiatives to bring emissions lower such as the *Flares Out* project and we have completed a 72-hour reliability run of units 1 and 2 of the Sapele Accelerated AG solutions. 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.

Proposed acquisition of MPNU

The Board remains confident that the transaction will be approved, and we continue to work with all parties to achieve a successful outcome. We will provide further updates as appropriate.

Board changes

Ms. Koosum P. Kalyan was appointed as an Independent Non-Executive Director effective 28 February 2023. Professor Fabian Ajogwu notified the Board of his intention to step down on 21 October 2023.

Outlook

We retain our working interest production guidance of 45,000 to 55,000 boepd for the rest of 2023 (which excludes any expected contribution from MPNU or ANOH) and capital expenditure for 2023 is expected to be around $160 million.

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Financial review

Revenue

In Q1 2023, oil prices trended lower on the back of rising concerns about the global economy and any consequent impact on demand for crude oil. As a result, the average price of Brent crude fell 16% to $82.06/bbl across the period. This impacted our average realised oil price for the quarter, which fell by 15.6% to $82.32/bbl in Q1 2023 (Q1 2022: $97.53/bbl.).

Revenue from oil and gas sales was $330.9 million in Q1 2023, a 36.9% increase from the $241.8 million achieved in Q1 2022.

Crude oil revenue was 37.8% higher than for the same period last year, at $297.9 million (Q1 2022: $216.2 million), reflecting increased liquids production, limiting the impact of lower oil prices. The total crude volume lifted for the period was 3.6 MMbbls, up 63.6% from the 2.2 MMbbls lifted in Q1 2022. The average pipeline loss factor for the group was 3.5%.

Similarly, gas revenue rose by 29.1% to $33.0 million (Q1 2022: $25.6 million) driven by the simultaneous increase in realised gas prices and sales volume. The average realised gas price was higher at $2.88/Mscf (Q1 2022: $2.76/Mscf), while gas production increased by 15.5% to 11.2 Bscf (Q1 2022: 9.7 Bscf). The improvement in average realised gas price reflects the impact of upward price revisions with gas customers. Overall, improved production across gas and liquids reflects positive impact of the Amukpe-Escravos Pipeline (AEP), which has reduced downtime and enabled stronger liquids and associated gas production. In addition, the completed Oben-34 gas well provided further boost to gas production.

Gross profit

Gross profit increased by 69.0% to $198.3 million in Q1 2023, from $117.3 million in Q1 2022, supported primarily by robust revenue growth and efficient cost management, as growth in cost of sales (Q1 2023: +6.6%) trailed revenue growth and production volume growth. Non-production costs consisted primarily of $47.4 million in royalties and DD&A of $36.2 million, compared to $50.2 million in royalties and $33.8 million DD&A in the prior year. The lower royalties were the result of lower oil prices during the period.

Direct operating costs, which include crude-handling charges (CHC), barging/trucking, operations, and maintenance costs, amounted to $45.3 million in Q1 2023, 21.2% higher than $37.4 million incurred in Q1 2022. This increase in direct operating cost was largely due to higher CHC costs arising from the utilisation of the Amukpe-Escravos Pipeline (AEP) which has a higher tariff than the Trans Forcados Pipeline (TFP). We however note that this is partly mitigated by lower losses on AEP (Q1 2023: 5.8%), compared to TFP (Q1 2022: 8.0%).

On a cost-per-barrel equivalent basis, the production opex was $9.0/boe (Q1 2022: $8.7/boe).

Operating profit

The operating profit for the period was $103.7 million, an increase of 1.6%, compared to $102.1 million in Q1 2022. Operating profit grew during the period despite the overlift of $75.4 million which was accounted for as a deduction in other income. As highlighted earlier, the overlift represents Seplat's excess liquids lifting above working interest production share for the period. This will be adjusted for in subsequent quarters as JV partners recover production share.

General and administrative expenses of $20.5 million were 7.9% higher than the Q1 2022 costs of $19.0 million, driven by a 24.1% increase in employee benefits, reflecting cost of living adjustments on staff salaries and emoluments, which was not matched by a decrease in the ruling USD/Naira exchange rate. We continue to put efforts in place to cut down on G&A expenses and have set up cost champions to identify cost pressure points and implement measures to control expenditure on those cost pressure points.

EBITDA closed the quarter at $140.2 million, after adjusting for non-cash items, which include impairment, fair value, and exchange losses, equating to a margin of 42.4% for the period (Q1 2022: $147.8 million; 61.1%).

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Taxation

The income tax expense of $28.5 million includes a current tax charge of $28.0 million and a deferred tax charge of $0.5 million. The lower deferred tax charge is because of the overlift position in Q1 2023, a normalisation in subsequent quarters will lead to an increase in tax expense. The effective tax rate for the period was 33% (Q1 2022: 76%).

Effective tax rate analysis	Income tax expense			Tax rate	
Profit before tax ($'million)	Current	Deferred	Total	**ETR (Effective Tax Rate)**	**Current Tax rate**
86.1	28.0	0.5	28.5	33.2%	27.7%

Net result

The profit before tax was 3.2% higher at $86.1 million (Q1 2022: $83.4 million). As a result of lower taxation for the period, the profit for the period increased by 189.1% to $57.5 million (Q1 2022: $19.9 million), with a resultant basic earnings per share of $0.10 in Q1 2023, compared to $0.03 per share in Q1 2022.

Cash flows from operating activities

Cash generated from operations was $143.1 million (Q1 2022: $180.9 million). Net cash flows from operating activities were $139.9 million (Q1 2023: $178.7 million) after accounting for tax payments of $2.1 million (Q1 2022: $0.4 million) and a hedging premium paid of $1.2 million (Q1 2022: $1.8 million).

The Company continued to record improvements in the recovery of receivables from the major JV partner and received $96 million in Q1 2023 towards the settlement of cash calls from NEPL on OML 4, 38, & 41, and OML 40. As a result, the net NEPL receivable balance now stands at $72 million, down from $90 million at the end of 2022. The majority of the outstanding cash calls became due in Q1 2023.

Cash flows from investing activities

Total net cash outflow in Q1 2023 was $39.7 million (Q1 2022: $154.3 million). The net capital expenditure was $44.7 million (Q1 2022: $26.0 million) and included $29.6 million invested in drilling and $14.3 million in engineering projects. During the period, we received payment of $3.3 million dollars from All Grace Energy in in respect of the divestment from the Ubima field bringing the total received to $21.9 million (total settlement sum is $55.0 million).

Cash flows from financing activities

Net cash outflows from financing activities were $45.3 million (Q1 2022: $30.6 million) including $37.6 million paid out for interest on loans & borrowings, and $4.6 million commitment fee on various credit facilities ($350 million RCF, $110 million RBL Facility, and $50 million junior facility).

Liquidity

The balance sheet continues to remain healthy with a solid liquidity position.

Net debt reconciliation 31 March 2023	$ million	$ million drawn	Coupon	Maturity
Senior notes*	661.1	650.0	7.75%	April 2026
Westport RBL*	77.3	110.0	SOFR rate+8%	March 2026
Off-take facility*	9.5	11.0	SOFR rate+10.5%	April 2027
Total borrowings	747.9	771.0		
Cash and cash equivalents (exclusive of restricted cash)	459.7	459.7		
Net debt	**288.2**			

* Including amortised interest

Seplat Energy ended the first quarter with gross debt of $747.9 million (with maturities in 2026 and 2027) and cash at bank of $459.7 million, leaving net debt at $288.2 million. The restricted cash balance of $25.8 million includes $8.0 million and $14.4 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.

Dividend

Seplat Energy has a strongly cash generative business model, a robust cash balance and relatively low debt compared to its EBITDA. Taking these factors into account, as well as the Company's capital allocation needs and future prospects, the Board is recommending a 20% increase in Seplat's core dividend to US12 cents per share, payable to shareholders as four quarterly dividends of US3 cents per share.

Therefore, a dividend of US3 cents per share (subject to appropriate WHT) will be paid to shareholders on 16 June 2023.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. For Q1 2023, 1.5mmbbls was protected at $50/bbl. (at a cost of $1.20/bbl.). For Q2 2023, 1.5mmbbls are protected at $50/bbl. (at a cost of $0.94/bbl.). For Q3 2023, 1.0mmbbls protected at $50/bbl. (at a cost of $0.82/bbl.).

Oil put options	Q1 2023	Q2 2023	Q3 2023
Volume hedged (MMbbls)	1.5	1.5	1.0
Price hedged ($/bbl.)	50	50	50

Additional barrels are expected to be hedged for the fourth quarter of 2023, 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.

Petroleum Industry Act (PIA) Implementation Status

Following the conditional application to convert all our assets to the PIA regime in February 2023, our multi-disciplinary team continues to work on the Company's readiness for compliance with the various aspects of the PIA as the regulator completes the guidelines for conversion. As a result, the initial long-stop date of 30 April 2023 may no longer be feasible, and we expect an update from NUPRC by this date.

Share dealing policy

We confirm that, to the best of our knowledge, there has been compliance with the Company's share dealing policy during the period.

Free float

The Company's free float on 27 April 2023 was 36%.

Seplat Energy

Interim Consolidated Financial Statements (Unaudited)

for the three months ended 31 March 2023

(Expressed in Nigerian Naira and US Dollars).

Reliable energy, limitless potential

Interim condensed consolidated statement of profit or loss and other comprehensive income

For the three months ended 31 March 2023

	Notes	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
		₦ million	₦ million	$'000	$'000
Revenue from contracts with customers	7	151,991	100,618	330,988	241,837
Cost of sales	8	(60,939)	(51,785)	(132,712)	(124,490)
Gross profit		**91,052**	**48,833**	**198,276**	**117,347**
Other (loss)/income	9	(33,874)	3,710	(73,768)	8,916
General and administrative expenses	10	(9,424)	(7,913)	(20,528)	(19,018)
Impairment reversal/(loss) on financial assets	11	412	(509)	898	(1,223)
Fair value loss	12	(523)	(1,639)	(1,138)	(3,941)
Operating profit		**47,643**	**42,482**	**103,740**	**102,081**
Finance income	13	750	13	1,634	32
Finance cost	13	(8,857)	(7,731)	(19,288)	(18,582)
Finance cost-net		(8,107)	(7,718)	(17,654)	(18,550)
Share of loss from joint venture accounted for using the equity method		(12)	(52)	(26)	(124)
Profit before taxation		**39,524**	**34,712**	**86,060**	**83,407**
Income tax expense	14	(13,100)	(26,422)	(28,530)	(63,505)
Profit for the year		**26,424**	**8,290**	**57,530**	**19,902**
Attributable to:					
Equity holders of the parent		26,705	**6,868**	58,143	**16,484**
Non-controlling interests		(281)	**1,422**	(613)	**3,418**
		26,424	**8,290**	**57,530**	**19,902**
Earnings per share for the year					
Basic earnings per share ₦/$	26	45.38	11.76	0.10	0.03
Diluted earnings per share ₦/$	26	45.38	11.70	0.10	0.03

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

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Interim consolidated statement of profit or loss and other comprehensive income

For the three months ended 31 March 2023

	Notes	3 Months ended 31 March 2023 ₦ million	3 Months ended 31 March 2022 ₦ million	3 Months ended 31 March 2023 $'000	3 Months ended 31 March 2022 $'000
Profit for the period		**26,424**	**8,290**	**57,530**	**19,902**
Attributable to:					
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		24,470	7,374	-	-
Total comprehensive income for the period (net of tax)		**50,894**	**15,664**	**57,530**	**19,902**
Attributable to:					
Equity holders of the parent		51,175	14,242	58,143	16,484
Non-controlling interests		(281)	1,422	(613)	3,418
		50,894	**15,664**	**57,530**	**19,902**

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

Seplat Energy

Interim condensed consolidated Statement of financial position

As at 31 March 2023

	Notes	31 March 2023 ₦ million	31 Dec 2022 ₦ million	31 March 2023 $'000	31 Dec 2022 $'000
Assets					
Non-current assets					
Oil & gas properties	15	769,082	741,339	1,668,368	1,657,993
Other property, plant and equipment		12,842	12,419	27,862	27,775
Right-of-use assets		1,525	1,974	3,307	4,415
Intangible assets	16	57,141	55,630	123,955	124,415
Other asset		46,887	45,478	101,711	101,711
Investment accounted for using equity accounting	17	102,280	99,219	221,876	221,902
Prepayments		25,483	25,703	55,279	57,486
Deferred tax asset	14	212,580	205,107	461,147	458,718
Total non-current assets		**1,227,820**	**1,186,869**	**2,663,505**	**2,654,415**
Current assets					
Inventories		25,658	24,774	55,659	55,406
Trade and other receivables	18	175,257	174,127	380,181	389,431
Prepayments		4,229	556	9,173	1,242
Derivative financial instruments	20	-	481	-	1,075
Contract assets	19	4,230	3,313	9,177	7,408
Restricted cash	21.2	11,894	10,706	25,801	23,944
Cash and cash equivalents	21	211,885	180,786	459,651	404,336
Total current assets		**433,153**	**394,743**	**939,642**	**882,842**
Total assets		**1,660,973**	**1,581,612**	**3,603,147**	**3,537,257**
Equity and Liabilities					
Equity					
Issued share capital	22	293	297	1,855	1,864
Share premium	22	91,317	91,317	522,227	522,227
Share based payment reserve	22	6,532	5,936	26,192	24,893
Treasury shares		(2,025)	(2,025)	(4,915)	(4,915)
Capital contribution		5,932	5,932	40,000	40,000
Retained earnings		268,091	241,386	1,247,840	1,189,697
Foreign currency translation reserve		471,484	447,014	2,622	2,622
Non-controlling interest		(3,244)	(2,963)	(17,118)	(16,505)
Total shareholders' equity		**838,380**	**786,894**	**1,818,703**	**1,759,883**
Non-current liabilities					
Interest bearing loans and borrowings	23	307,182	311,149	666,368	695,881
Provision for decommissioning obligation		89,517	86,670	194,189	193,836
Deferred tax liabilities	14	131,945	126,664	286,227	283,282
Defined benefit plan		3,439	2,878	7,462	6,437
Total non-current liabilities		**532,083**	**527,361**	**1,154,246**	**1,179,436**
Current liabilities					
Interest bearing loans and borrowings	23	37,557	33,232	81,472	74,322
Lease Liabilities		1,751	1,800	3,798	4,025
Derivative financial instruments	20	956	1,435	2,073	3,210
Trade and other payables	24	212,063	205,622	460,024	459,869
Current tax liabilities		38,183	25,268	82,831	56,512
Total current liabilities		**290,510**	**267,357**	**630,198**	**597,938**
Total liabilities		**822,593**	**794,718**	**1,784,444**	**1,777,374**
Total shareholders' equity and liabilities		**1,660,973**	**1,581,612**	**3,603,147**	**3,537,257**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

The financial statements of Seplat Energy Plc and its subsidiaries (The Group) for three months ended 31 March 2023 were authorised for issue in accordance with a resolution of the Directors on 27 April 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
27 April 2023	27 April 2023	27 April 2023

Interim condensed consolidated statement of changes in equity

For the three months ended 31 March 2023

	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 2022	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**
Profit/(loss) for the year	-	-	-	-	-	6,868	-	1,422	8,290
Other comprehensive income	-	-	-	-	-	-	7,374	-	7,374
Total comprehensive income/(loss) for the year	-	-	-	**-**	-	**6,868**	**7,374**	**1,422**	**15,664**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	75	-	-	75
Share based payments (Note 22)	-	-	540	-	-	-	-	-	540
Vested shares (Note 22)	-	-	-	-	-	-	-	-	-
Shares re-purchased	-	-	-	(2)	-	-	-	-	(2)
Total	-	-	540	(2)	-	**75**	**-**	-	**613**
At 31 March 2022	**296**	**90,383**	**5,454**	**(2,027)**	**5,932**	**246,372**	**392,722**	**(19,491)**	**719,641**
At 1 January 2023	**297**	**91,317**	**5,936**	**(2,025)**	**5,932**	**241,386**	**447,014**	**(2,963)**	**786,894**
Profit for the year	-	-	-	-	-	26,705	-	(281)	26,424
Other comprehensive income	-	-	-	-	-	-	24,470	-	24,470
Total comprehensive income for the year	-	-	-	**-**	-	**26,705**	**24,470**	**(281)**	**50,894**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	-	-	-	-
Share based payments (Note 22)	-	-	596	-	-	-	-	-	596
Vested shares (Note 22)	(4)	-	-	-	-	-	-	-	(4)
Shares re-purchased (Note 22)	-	-	-	-	-	-	-	-	-
Total	**(4)**	-	**596**	**-**	**-**	**-**	**-**	**-**	**592**
At 31 March 2023	**293**	**91,317**	**6,532**	**(2,025)**	**5,932**	**268,091**	**471,484**	**(3,244)**	**838,380**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

	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 2022	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,185,082**	**1,933**	**(58,804)**	**1,707,486**
Profit/(loss) for the year	-	-	-	-	-	16,484	-	3,418	19,902
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**16,484**	**-**	**3,418**	**19,902**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	181	-	-	181
Share based payments (Note 22)	-	-	1,297	-	-	-	-	-	1,297
Vested shares (Note 22)	-	-	-	-	-	-	-	-	-
Shares re-purchased (Note 22)	-	-	-	(5)	-	-	-	-	(5)
Total	**-**	**-**	**1,297**	**(5)**	**-**	**181**	**-**	**-**	**1,473**
At 31 March 2022 (unaudited)	**1,862**	**520,138**	**23,487**	**(4,920)**	**40,000**	**1,201,747**	**1,933**	**(55,386)**	**1,728,861**
At 1 January 2023	**1,864**	**522,227**	**24,893**	**(4,915)**	**40,000**	**1,189,697**	**2,622**	**(16,505)**	**1,759,883**
Profit for the year	-	-	-	-	-	58,143	-	(613)	57,530
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**58,143**	**-**	**(613)**	**57,530**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	-	-	-	-	-	-	-	-	-
Share based payments (Note 22)	-	-	1,299	-	-	-	-	-	1,299
Vested shares (Note 22)	(9)	-	-	-	-	-	-	-	(9)
Shares re-purchased (Note 22)	-	-	-	-	-	-	-	-	-
Total	**(9)**	**-**	**1,299**	**-**	**-**	**-**	**-**	**-**	**1,290**
At 31 March 2023 (unaudited)	**1,855**	**522,227**	**26,192**	**(4,915)**	**40,000**	**1,247,840**	**2,622**	**(17,118)**	**1,818,703**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Seplat Energy

Interim condensed consolidated statement of cash flows

For the three months ended 31 March 2023

	Notes	3 Months ended 31 March 2023 ₦ million	3 Months ended 31 March 2022 ₦ million	3 Months ended 31 March 2023 $'000	3 Months ended 31 March 2022 $'000
Cash flows from operating activities					
Cash generated from operations	25	65,727	75,280	143,122	180,906
Tax paid		(948)	(166)	(2,065)	(400)
Hedge premium paid		(551)	(743)	(1,200)	(1,787)
Net cash inflows from operating activities		**64,228**	**74,371**	**139,857**	**178,719**
Cash flows from investing activities					
Payment for acquisition of oil and gas properties		(20,162)	(10,721)	(43,907)	(25,767)
Payment for acquisition of other property, plant and equipment		(358)	(114)	(779)	(273)
Deposit for investment		-	(53,405)	-	(128,300)
Proceeds from the disposal of oil and gas properties		1,526	-	3,324	-
Proceeds from disposal of other property plant and equipment		-	2	-	4
Interest received		750	13	1,634	32
Net cash outflows from investing activities		**(18,244)**	**(64,225)**	**(39,728)**	**(154,304)**
Cash flows from financing activities					
Shares purchased for employees*		-	(2)	-	(5)
Interest paid on lease liability		(40)	(20)	(87)	(47)
lease payments- principal portion		(1,424)	(21)	(3,100)	(51)
Payments for other financing charges**		(2,098)	(874)	(4,568)	(2,100)
Interest paid on loans and borrowings		(17,251)	(11,821)	(37,568)	(28,412)
Net cash outflows from financing activities		**(20,813)**	**(12,738)**	**(45,323)**	**(30,615)**
Net increase in cash and cash equivalents		25,171	(2,592)	54,806	(6,200)
Cash and cash equivalents at beginning of the year		180,786	133,667	404,336	324,490
Effects of exchange rate changes on cash and cash equivalents		5,928	(1,102)	509	(6,048)
Cash and cash equivalents at end of the year	**21**	**211,885**	**129,973**	**459,651**	**312,242**

*Shares purchased for employees of nil (2022: $5 million, ₦2 billion) represent shares purchased in the open market for employees of the Group.

**Other financing charges of $4.6 million, ₦2.1 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).

The above interim condensed consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Seplat Energy

Notes to the interim condensed consolidated financial statements

For the three months ended 31 March 2023

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 March 2023:

- On 23 March 2023, Seplat Energy Plc announced the termination with immediate effect of the Consultancy Agreement between the Company's wholly owned subsidiary and its co-founder, Dr. A.B.C Orjiako, acting through Amaze Limited.

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 three months ended 31 March 2023 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 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is

to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statement.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

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:

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

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 March 2023. 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

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.

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.

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.

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.

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.

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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.

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.

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.

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.

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.

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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.

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.

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

Pre-licensing costs

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

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.

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.

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.

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

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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.

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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.

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 March 2023 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.

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.

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.

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 three months ended 31 March 2023 was nil (2022: 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.

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.

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.

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.

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.

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

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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

the Group has a present legal or constructive obligation as a result of past events;
it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and
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

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.

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.

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.

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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.

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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:

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.

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.

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.

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 ₦15.2 billion (2022: ₦10 billion). See Note 31 for the applicable translation rates.

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.

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.

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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.

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.

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:

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.

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.

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 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.

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.

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.

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.

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.

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.

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 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).

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.

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.

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 31 March 2023	Effect on other components of equity before tax 31 March 2023	Effect on profit before tax 31 March 2023	Effect on other components of equity before tax 31 March 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(131)	-	(286)	-
-10%	137	-	298	-

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(383)	-	(902)	-
-10%	383	-	902	-

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 31 March 2023	Effect on other components of equity before tax 31 March 2023	Effect on profit before tax 31 March 2023	Effect on other components of equity before tax 31 March 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(99)	-	(217)	-
-10%	112	-	243	-

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(361)	-	(852)	-
-10%	361	-	852	-

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 31 March 2023	Effect on other components of equity before tax 31 March 2023	Effect on profit before tax 31 March 2023	Effect on other components of equity before tax 31 March 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(99)	-	(217)	-
-10%	112	-	243	-

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022

	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(107)	-	(252)	-
-10%	107	-	252	-

5.1.2 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 March 2023						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**11,772**	**23,609**	**23,545**	**311,441**	**370,367**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	6,729	7,370	5,278	-	19,378
The Stanbic IBTC Bank Plc	8.00% + SOFR	6,870	7,523	5,388	-	19,781
The Standard Bank of South Africa Limited	8.00% + SOFR	3,926	4,299	3,079	-	11,304
First City Monument Bank Limited	8.00% + SOFR	1,753	1,920	1,375	-	5,047
Shell Western Supply and Trading Limited	10.5% + SOFR	757	754	754	5,825	8,090
Total variable interest borrowings		**20,035**	**21,866**	**15,874**	**5,825**	**63,600**
Other non – derivatives						
Trade and other payables**		212,063	-	-	-	212,063
Lease liability		1,751	-	-	-	1,751
		213,814	**-**	**-**	**-**	**213,814**
Total		**245,621**	**45,474**	**39,418**	**317,266**	**647,780**

	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						
Citibank, N.A., London Branch	8.00% + SOFR	5,446	7,523	6,777	1,823	21,569
Nedbank Limited London	8.00% + SOFR	5,560	7,679	6,918	1,860	22,017
Stanbic IBTC Bank Plc	8.00% + SOFR	3,177	4,389	3,953	1,063	12,582
The Standard Bank of South Africa Limited	8.00% + SOFR	1,418	1,959	1,765	475	5,617
RMB International (Mauritius) 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
	%	$'000	$'000	$'000	$'000	$'000
31 March 2023						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**25,537**	**51,215**	**51,075**	**675,607**	**803,434**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	14,598	15,988	11,450	-	42,036
The Stanbic IBTC Bank Plc	8.00% + SOFR	14,903	16,321	11,688	-	42,912
The Standard Bank of South Africa Limited	8.00% + SOFR	8,516	9,326	6,679	-	24,521
First City Monument Bank Limited	8.00% + SOFR	3,802	4,164	2,982	-	10,948
Shell Western Supply and Trading Limited	10.5% + SOFR	1,641	1,636	1,636	12,636	17,549
Total variable interest borrowings		**43,460**	**47,435**	**34,435**	**12,636**	**137,966**
Other non – derivatives						

Trade and other payables**	460,024	-	-	-	460,024
Lease liability	3,798	-	-	-	3,798
	463,822	**-**	**-**	**-**	**463,822**
Total	**532,819**	**98,650**	**85,510**	**688,243**	**1,405,222**

	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						
Citibank, N.A., London Branch	8.00% + SOFR	12,181	16,825	15,156	4,076	48,238
Nedbank Limited London	8.00% + SOFR	12,434	17,176	15,472	4,161	49,243
Stanbic IBTC Bank Plc	8.00% + SOFR	7,105	9,815	8,841	2,378	28,139
The Standard Bank of South Africa Limited	8.00% + SOFR	3,172	4,382	3,947	1,062	12,563
RMB International (Mauritius) 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**

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

5.1.3 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	
	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables*	102,564	102,085	102,564	102,085
Contract assets	4,230	3,313	4,230	3,313
Cash and cash equivalents	211,885	180,786	211,885	180,786

Seplat Energy

	318,679	**286,184**	**318,679**	**286,184**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	344,739	344,381	341,649	331,384
Trade and other payables**	149,680	178,128	149,680	178,128
	494,419	**522,509**	**491,329**	**509,512**
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	(956)	(1,435)	(956)	(1,435)
	(956)	**(1,435)**	**(956)**	**(1,435)**

	Carrying amount		Fair value	
	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	222,492	228,312	222,492	228,312
Contract assets	9,177	7,408	9,177	7,408
Cash and cash equivalents	459,651	404,336	459,651	404,336
	691,320	**640,056**	**691,320**	**640,056**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	747,840	770,203	741,137	741,137
Trade and other payables**	324,698	398,380	324,698	398,380
	1,072,538	**1,168,583**	**1,065,835**	**1,139,517**
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	(2,073)	(3,210)	(2,073)	(3,210)
	(2,073)	**(3,210)**	**(2,073)**	**(3,210)**

*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.

5.1.4 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.

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.

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.

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 three months ended 31 March 2023, revenue from the gas segment of the business constituted 10% (2022: 11%) 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

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦'million	₦'million	$'000	$'000
Oil	18,901	2,400	41,785	5,746
Gas	7,523	5,890	15,745	14,156
Total profit for the year	**26,424**	**8,290**	**57,530**	**19,902**

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
Oil	₦'million	₦'million	$'000	$'000
Revenue from contract with customers				

Seplat Energy

Crude oil sales (Note 7)	136,796	89,955	297,899	216,209
Operating profit before depreciation, amortisation and impairment	53,305	49,051	116,702	117,865
Depreciation, amortization and impairment	(16,618)	(15,172)	(36,187)	(36,460)
Operating profit	**36,687**	**33,879**	**80,515**	**81,405**
Finance income (Note 13)	750	13	1,634	32
Finance costs (Note 13)	(8,857)	(7,731)	(19,288)	(18,582)
Profit before taxation	28,580	**26,161**	62,861	**62,855**
Income tax expense (Note 14)	(9,679)	(23,761)	(21,076)	(57,109)
Profit for the year	**18,901**	**2,400**	**41,785**	**5,746**

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
Gas	₦'million	₦'million	$'000	$'000
Revenue from contract with customers				
Gas sales (Note 7)	15,195	10,663	33,089	**25,628**
Operating profit before depreciation, amortisation and impairment	11,249	8,868	23,863	21,314
Depreciation, amortisation and impairment	(293)	(265)	(638)	(638)
Operating profit	**10,956**	**8,603**	**23,225**	**20,676**
Share of profit from joint venture accounted for using equity accounting	(12)	(52)	(26)	(124)
Profit/(loss) before taxation	10,944	8,551	23,199	20,552
Income tax expense (Note 14)	(3,421)	(2,661)	(7,454)	(6,396)
Profit for the year	**7,523**	**(5,890)**	**15,745**	**14,156**

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.

	3 Months ended 31 March 2023 Oil	3 Months ended 31 March 2023 Gas	3 Months ended 31 March 2023 Total	3 Months ended 31 March 2023 Oil	3 Months ended 31 March 2023 Gas	3 Months ended 31 March 2023 Total
	₦'million	₦'million	₦'million	$'000	$'000	$'000
Geographical markets						
The Bahamas	32,791	-	32,791	71,408	-	71,408
Nigeria	11,441	15,195	26,636	24,914	33,089	58,003

Italy	-	-	-	-	-	-
Switzerland	37,631	-	37,631	81,951	-	81,951
Barbados	3,385	-	3,385	7,372	-	7,372
England	51,548	-	51,548	112,254	-	112,254
Revenue from contract with customers	**136,796**	**15,195**	**151,991**	**297,899**	**33,089**	**330,988**
Timing of revenue recognition						
At a point in time	136,796	-	136,796	297,899	-	287,899
Over time	-	15,195	15,195	-	33,089	33,089
Revenue from contract with customers	**136,796**	**15,195**	**151,991**	**297,899**	**33,089**	**330,988**

	3 Months ended 31 March 2022	3 Months ended 31 March 2022	3 Months ended 31 March 2022	3 Months ended 31 March 2022	3 Months ended 31 March 2022	3 Months ended 31 March 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	$'000	$'000	$'000
Geographical markets						
The Bahamas	10,022	-	10,022	24,088	-	24,088
Nigeria	7,634	10,663	18,297	18,348	25,628	43,976
Italy	-	-	-	-	-	-
Switzerland	69,564	-	69,564	167,199	-	167,199
Barbados	2,735	-	2,735	6,574	-	6,574
Revenue from contract with customers	**89,955**	**10,663**	**100,618**	**216,209**	**25,628**	**241,837**
Timing of revenue recognition						
At a point in time	89,955	-	89,955	216,209	-	216,209
Over time	-	10,663	10,663	-	25,628	25,628
Revenue from contract with customers	**89,955**	**10,663**	**100,618**	**216,209**	**25,628**	**241,837**

The Group's transactions with its major customer, Mercuria, constitutes more than 27% ($82 million, ₦37.6 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 ($33 million, ₦15.2 billion) accounted for the total revenue from the gas segment.

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

	3 Months ended 2023	3 Months ended 2023	3 Months ended 2023	3 Months ended 2022	3 Months ended 2022	3 Months ended 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment gain/(losses) recognised during the period	350	62	412	(82)	(427)	(509)
	350	**62**	**412**	**(82)**	**(427)**	**(509)**

	3 Months ended 2023 Oil	3 Months ended 2023 Gas	3 Months ended 2023 Total	3 Months ended 2022 Oil	3 Months ended 2022 Gas	3 Months ended 2022 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment gain/(losses) recognised during the period	762	136	898	(196)	(1,027)	(1,223)
	762	**136**	**898**	**(196)**	**(1,027)**	**(1,223)**

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.

	Oil	Gas	Total	Oil	Gas	Total
Total segment assets	₦'million	₦'million	₦'million	$'000	$'000	$'000
31 March 2023	1,349,176	311,797	1,660,973	2,926,768	676,379	3,603,147
31 December 2022	1,279,802	301,810	1,581,612	2,862,263	674,994	3,537,257

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.

	Oil	Gas	Total	Oil	Gas	Total
Total segment liabilities	₦'million	₦'million	₦'million	$'000	$'000	$'000
31 March 2023	629,482	193,111	822,593	1,365,530	418,914	1,784,444
31 December 2022	654,939	139,779	794,718	1,464,761	312,613	1,777,374

7. Revenue from contracts with customers

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦ million	$'000	$'000
Crude oil sales	136,796	89,955	297,899	216,209
Gas sales	15,195	10,663	33,089	25,628
	151,991	**100,618**	**330,988**	**241,837**

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

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦ million	$'000	$'000
Royalties	21,786	20,883	47,443	50,195

Seplat Energy

Depletion, depreciation and amortisation	16,617	14,083	36,187	33,848
Crude handling fees	7,889	5,370	17,181	12,908
Nigeria Export Supervision Scheme (NESS) fee	146	90	317	217
Barging and Trucking	1,606	1,193	3,458	2,957
Niger Delta Development Commission Levy	1,588	1,230	3,498	2,867
Operational & maintenance expenses	11,307	8,936	24,628	21,498
	60,939	**51,785**	**132,712**	**124,490**

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 $1.3million, ₦593 million (2022: $1.7million ₦686 million).

Barging and Trucking costs relates to costs on the OML 40 Gbetiokun field.

9. Other (loss)/income

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦'million	$'000	$'000
(Overlift)/Underlift	(36,604)	5,666	(75,356)	13,618
Gain/(loss) on foreign exchange	234	(2,517)	509	(6,048)
Tariffs	464	186	1,010	446
Others	32	375	69	900
	(33,874)	**3,710**	**(73,768)**	**8,916**

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.

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

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦'million	$'000	$'000
Depreciation	316	435	691	1,042
Depreciation of right-of-use assets	502	410	1,093	985
Auditor's remuneration	113	-	245	-
Professional and consulting fees	1,014	972	2,209	2,336
Directors' emoluments (executive)	481	319	1,048	766

Directors' emoluments (non-executive)	609	561	1,326	1,348
Loss on disposal of other property, plant and equipment	-	5	-	12
Donations	111	11	242	26
Employee benefits	6,073	4,432	13,225	10,657
Flights and other travel costs	587	702	1,279	1,687
Rentals and other general expenses	(382)	66	(830)	159
	9,424	**7,913**	**20,528**	**19,018**

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

Rentals and other general expenses relate to prior year accruals for rental & other general admin costs no longer required.

11. Impairment (reversal)/loss on financial assets

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦ million	$'000	$'000
Impairment (reversal)/ loss on financial assets-net	(412)	509	(898)	1,223
	(412)	**509**	**(898)**	**1,223**

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

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦ million	$'000	$'000
Impairment losses/(reversal) on:				
NNPC receivables	36	156	78	374
NEPL receivables	(386)	-	(840)	-
Trade receivables (Geregu Power, Sapele Power and NGMC)	(62)	425	(136)	1,023
Other trade receivables	-	(72)	-	(174)
Total impairment loss allowance	**(412)**	**509**	**(898)**	**1,223**

12. Fair value (loss)/gain

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022

	₦ million	₦ million	$'000	$'000
Realised fair value loss on crude oil hedges	(551)	(743)	(1,200)	(1,787)
Unrealised fair value gain/(loss)	28	(896)	62	(2,154)
	(523)	**(1,639)**	**(1,138)**	**(3,941)**

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

13. Finance income/(cost)

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦ million	$'000	$'000
Finance income				
Interest income	**750**	**13**	**1,634**	**32**
Finance cost				
Interest on bank loans	(8,655)	(7,468)	(18,848)	(17,950)
Interest on lease liabilities	(40)	(20)	(87)	(47)
Unwinding of discount on provision for decommissioning	(162)	(243)	(353)	(585)
	(8,857)	**(7,731)**	**(19,288)**	**(18,582)**
Finance (cost) – net	**(8,107)**	**(7,718)**	**(17,654)**	**(18,550)**

Finance income represents interest on short-term fixed deposits.

14. Taxation

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 three months ended 31 March 2023 is 85% for crude oil activities and 30% for gas activities. As at 31 March 2023, the applicable tax rate was 85% and 30% respectively.

The effective tax rate for the period was 33% (2022: 36%).

The major components of income tax expense in the interim condensed consolidated statement:

Income tax expense

	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
	₦ million	₦ million	$'000	$'000
Current tax:				
Current tax expense on profit for the year	10,965	6,347	23,879	15,255
Education tax	1,806	1,106	3,936	2,658
NASENI Levy	90	-	196	-

Police Levy	1	-	3	-
Total current tax	**12,863**	**7,453**	**28,014**	**17,913**
Deferred tax:				
Deferred tax expense in profit or loss (Note 14.1)	237	18,969	516	45,592
Total tax expense in statement of profit or loss	13,100	26,422	28,530	63,505
Total tax charge for the period	**13,100**	**26,422**	**28,530**	**63,505**
Effective tax rate	**33%**	**36%**	**33%**	**36%**

14.1 Deferred tax

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

	Balance as at 1 January 2023	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Exchange difference	Balance as at 31 March 2023
	₦ million	₦ million	₦ million	₦ million	₦ million
Deferred tax assets (Note 14.2)	205,107	1,115	-	6,358	212,580
Deferred tax liabilities (Note 14.3)	(126,664)	(1,352)	-	(3,929)	(131,945)
	78,443	**(237)**	**-**	**2,429**	**80,635**

	Balance at 1 January 2023	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Balance at 31 March 2023
	$'000	$'000	$'000	$'000
Deferred tax assets (Note 14.2)	458,718	2,429	-	461,147
Deferred tax liabilities (Note 14.3)	(283,282)	(2,945)	-	(286,227)
	175,436	**(516)**	**-**	**174,920**

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

14.2 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 2023	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Exchange difference	Balance at 31 March 2023
	₦ million	₦ million	₦ million	N million	₦ million
Tax losses	9,942	(6,776)	-	282	3,448

Other cumulative timing differences:					
Accelerated capital deduction	96,124	5,956	-	3,001	105,081
Other temporary differences:					
Provision for abandonment	12,632	122	-	392	13,146
Provision for gratuity	11,157	60	-	346	11,563
Provision for defined benefit	2,711	423	-	86	3,220
Unrealised foreign exchange loss	11,619	7	-	360	11,986
Overlift	23,369	1,769	-	731	25,869
Impairment provision on trade and other receivables	37,389	(279)	-	1,157	38,267
Leases	163	(168)	-	3	-
	205,107	**1,115**	**-**	**6,358**	**212,580**

	Balance at 1 January 2023	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Balance at 31 March 2023
	$'000	$'000	$'000	$'000
Tax losses	22,235	(14,755)	-	7,480
Other cumulative timing differences:				
Accelerated capital deduction	214,980	12,971	-	227,951
Other temporary differences:				
Provision for abandonment	28,251	265	-	28,516
Provision for gratuity	24,953	130	-	25,083
Provision for defined benefit	6,064	922	-	6,986
Unrealised foreign exchange loss	25,985	16	-	26,001
Overlift	52,265	3,853	-	56,118
Impairment provision on trade and other receivables	83,621	(608)	-	83,013
Leases	364	(365)	-	(1)
	458,718	**2,429**	**-**	**461,147**

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

14.3 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 2023	Charged /(credited) to profit or loss	Exchange difference	Balance at 31 March 2023
	₦ million	₦ million	₦ million	₦ million
Other cumulative timing differences:				
Property, plant & equipment	(113,801)	(27,185)	(3,630)	(144,616)
Leases	(153)	355	(5)	196
Underlift	(4,614)	27,510	(36)	22,860

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Unrealised foreign exchange loss	(8,095)	(2,032)	(258)	(10,385)
	(126,664)	**(1,352)**	**(3,929)**	**(131,945)**

	Balance at 1 January 2023	Charged/(credited) to profit or loss	Balance at 31 March 2023
	$'000	$'000	$'000
Other cumulative timing differences:			
Property, plant and equipment	(254,515)	(59,200)	(313,715)
Leases	(343)	771	428
Underlift	(10,320)	59,908	49,588
Unrealised foreign exchange gain	(18,104)	(4,424)	(22,528)
	(283,282)	**(2,945)**	**(286,227)**

15. Oil & Gas properties

During the three months ended 31 March 2023, the Group acquired assets amounting to ₦20.2 billion, $43.9 million (Dec 2022: ₦67.3 billion, $158.7 million)

16. Intangible assets

	License	Total	License	Total
Cost	₦ million	₦ million	$'000	$'000
At 1 January 2023	**70,588**	**70,588**	**157,868**	**157,868**
Exchange difference	2,186	2,186	-	-
At 31 March 2023	**72,774**	**72,774**	**157,868**	**157,868**
Amortisation				
At 1 January 2023	**14,958**	**14,958**	**33,453**	**33,453**
Charge for the year	**211**	**211**	460	460
At 31 March 2023	**15,633**	**15,633**	**33,913**	**33,913**
NBV				
At 31 March 2023	**57,141**	**57,141**	**123,955**	**123,955**
At December 2022	**55,630**	**55,630**	**124,415**	**124,415**

17. Investment accounted for using equity accounting method

	As at 31 March 2023	As at 31 Dec 2022	As at 31 March 2023	As at 31 Dec 2022
	₦'million	₦'million	$'000	$'000
Investment in joint venture	102,280	99,219	221,876	221,902
	102,280	**99,219**	**221,876**	**221,902**

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18. Trade and other receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦ million	₦ million	$'000	$'000
Trade receivables (Note 18.1)	32,542	19,480	70,596	43,571
Nigerian National Petroleum Corporation Exploration Limited (NEPL) (Note 18.2)	32,974	40,386	71,531	90,322
Nigerian National Petroleum Corporation Limited (NNPC) receivables (Note 18.3)	16,249	15,411	35,250	34,467
Underlift	6,536	7,018	14,178	15,696
Other receivables (Note 18.4)	15,747	21,752	34,157	48,644
Advances to suppliers	7,013	7,657	15,211	17,123
Receivables from ANOH (Note 18.5)	5,052	5,056	10,958	11,308
Advances for new business (Note 18.6)	59,144	57,367	128,300	128,300
	175,257	**174,127**	**380,181**	**389,431**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $19.5 million, ₦9 billion (Dec 2022: 19.5 million, ₦8.7 billion), Waltersmith $13.3 million, ₦3.3 billion (Dec 2022: $12.8 million, ₦5.7 billion il) Sapele Power $7.2 million, ₦3.3 billion (2022: $6.1 million, ₦2.7 billion) and Nigerian Gas Marketing Company $0.4 million, ₦0.2 billion (Dec 2022: $0.4 million, ₦0.2 billion) totalling $40.4 million, ₦15.8 billion (Dec 2022: $38.7 million, ₦17.3 billion) with respect to the sale of gas. Also included in trade receivables is nil (Dec 2022: nil), nil (Dec 2022: nil), $32.2 million, ₦14.8 billion (Dec 2022: nil), and $4.2 million, ₦2 billion (Dec 2022: $3.8 million, ₦1.7 billion) due from Mercuria, Shell Western, Chevron and MSN Energy respectively for sale of crude and $18 million, ₦10.7 billion, (Dec 2022: $26 million, ₦11.4 billion) for crude injectors.

Reconciliation of trade receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	30,462	34,698	68,131	84,230
Additions during the year	202,302	368,983	438,851	825,226
Receipts for the year	(189,174)	(357,032)	(411,962)	(841,325)
Exchange difference	(288)	(16,187)	-	-
Gross carrying amount	43,301	30,462	95,020	68,131
Less: impairment allowance	(10,759)	(10,982)	(24,424)	(24,560)
Balance as at 31 March	**32,542**	**19,480**	**70,596**	**43,571**

Reconciliation of impairment allowance on trade receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	10,982	8,775	24,560	21,301
Increase in loss allowance during the period	(63)	1,383	(136)	3,259
Exchange difference	(160)	824	-	-

Loss allowance as at 31 March	10,759	10,982	24,424	24,560

18.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is ₦33.0 billion (Dec 2022: ₦40.4 billion) $71.5 million (Dec 2022: $90.3 million).

Reconciliation of NEPL receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	41,853	39,514	93,602	95,924
Additions during the year	32,534	115,181	70,575	257,600
Receipts for the year	(41,423)	(110,303)	(90,206)	(259,922)
Exchange difference	1,135	(2,539)	-	-
Gross carrying amount	34,099	41,853	73,971	93,602
Less: impairment allowance	(1,125)	(1,467)	(2,440)	(3,280)
Balance as at 31 March	32,974	40,386	71,531	90,322

Reconciliation of impairment allowance on NEPL receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	1,467	4,943	3,280	12,000
(Decrease)/Increase in loss allowance during the period	(386)	(3,700)	(840)	(8,720)
Exchange difference	44	224	-	-
Loss allowance as at 31 March	1,125	1,467	2,440	3,280

18.3 NNPC LTD receivables

Reconciliation of NNPC receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	15,791	10,819	35,316	26,265
Additions during the year	5,512	29,249	11,958	65,416
Receipts for the year	(5,096)	(23,920)	(11,097)	(56,365)
Exchange difference	468	(357)	-	-
Gross carrying amount	16,676	15,791	36,177	35,316
Less: impairment allowance	(427)	(380)	(927)	(849)
Balance as at 31 March	**16,249**	**15,411**	**35,250**	**34,467**

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Reconciliation of impairment allowance on NNPC receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	380	665	849	1,615
(Decrease)/increase in loss allowance during the period	36	(325)	78	(766)
Exchange difference	11	40	-	-
Loss allowance as at 31 March	**427**	**380**	**927**	**849**

18.4 Other receivables

Reconciliation of other receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	47,364	21,632	105,924	52,513
Additions during the year	92	43,326	200	96,897
Receipts for the year	(6,744)	(18,454)	(14,687)	(43,486)
Exchange difference	1,440	861	-	-
Gross carrying amount	42,152	47,364	91,437	105,924
Less: impairment allowance	(26,405)	(25,612)	(57,280)	(57,280)
Balance as at 31 March	**15,747**	**21,752**	**34,157**	**48,644**

Reconciliation of impairment allowance on other receivables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	25,612	18,668	57,280	45,319
Increase in loss allowance during the period	-	5,076	-	11,961
Exchange difference	793	1,868	-	-
Loss allowance as at 31 March	**26,405**	**25,612**	**57,280**	**57,280**

Other receivables include sundry receivables, WHT receivables, staff receivables, NGC VAT receivables, and Oghareki CHC receivables

18.5 Receivables from Joint Venture (ANOH)

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	5,188	5,259	11.604	12,766
Additions during the year	74	610	160	1,364
Receipts for the year	(234)	(1,072)	(510)	(2,526)
Exchange difference	160	391	-	-

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Gross carrying amount	5,188	5,188	11,254	11,604
Less: impairment allowance	(136)	(132)	(296)	(296)
Balance as at 31 March	**5,052**	**5,056**	**10,958**	**11,308**

Reconciliation of impairment allowance on receivables from joint venture (ANOH)

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	132	-	296	-
Increase in loss allowance during the period	-	126	-	296
Exchange difference	4	7	-	-
Loss allowance as at 31 March	**136**	**132**	**296**	**296**

18.6 Advances for New Business

Advances for new business include deposit for investment of $128.3 million, ₦59.1 billion (Dec 2022: $128.3 million, ₦57.4 billion) towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

19. Contract assets

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Revenue on gas sales (Note 19.1)	4,416	3,493	9,580	7,811
Impairment loss on contract asset	(186)	(180)	(403)	(403)
	4,230	**3,313**	**9,177**	**7,408**

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.

19.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	3,493	1,679	7,811	4,076
Addition during the year	52,905	38,216	115,209	90,054
Amount billed during the year	(52,092)	(36,631)	(113,440)	(86,319)
Exchange difference	110	229	-	-

Gross revenue on gas sales	**4,416**	**3,493**	**9,580**	**7,811**
Impairment	(186)	(180)	(403)	(403)
Balance as at 31 March	**4,230**	**3,313**	**9,177**	**7,408**

20. 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.

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Crude oil options	(956)	(1,435)	(2,073)	(3,210)
Additions	-	481	-	1,075
	(956)	**(954)**	**(2,073)**	**(2,135)**

21. 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.

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Cash on hand	4,022	30	8,726	66
Short-term fixed deposits	23,133	22,906	50,182	51,229
Cash at bank	184,843	157,960	400,989	353,287
Gross cash and cash equivalent	**211,998**	**180,896**	**459,897**	**404,582**
Loss allowance	(113)	(110)	(246)	(246)
Net cash and cash equivalents	**211,885**	**180,786**	**459,651**	**404,336**

21.1 Reconciliation of impairment allowance on cash and cash equivalents

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	110	101	246	246
Exchange difference	3	9	-	-
Loss allowance	**113**	**110**	**246**	**246**

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21.2 Restricted cash

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Restricted cash	11,894	10,706	25,801	23,944
	11,894	**10,706**	**25,801**	**23,944**

21.3 Movement in restricted cash

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Decrease in restricted cash	(853)	(3,359)	(1,857)	(7,915)
	(853)	**(3,359)**	**(1,857)**	**(7,915)**

Included in the restricted cash balance is $8 million, ₦3.7 billion and $14.4 million, ₦6.6 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, ₦0.4 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.

22. Share capital

22.1 Authorised and issued share capital

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'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 (Dec 2022: 588,444,561) issued shares denominated in Naira of 50 kobo per share	293	297	1,855	1,864

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 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 2023	**588,444,561**	**297**	**91,317**	**5,936**	**(2,025)**	**95,525**
Share based payments	-	-	-	596	-	596

Vested shares	-	(4)	-	-	-	(4)
Closing balance as at 31 March 2023	**588,444,561**	**293**	**91,317**	**6,532**	**(2,025)**	**96,117**

	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 2023	**588,444,561**	**1,864**	**522,227**	**24,893**	**(4,915)**	**544,069**
Share based payments	-	-	-	1,299	-	1,299
Vested shares	-	(9)	-	-	-	(9)
Closing balance as at 31 March 2023	**588,444,561**	**1,855**	**522,227**	**26,192**	**(4,915)**	**545,359**

22.3 Employee share-based payment scheme

As at 31 March 2023, the Group had awarded 94,038,312 shares (Dec 2022: 94,038,312 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the three months ended 31 March 2023, no new shares were vested (Dec 2022: 4,719,809 shares).

22.4 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.

23. Interest bearing loans and borrowings

23.1 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 31 March 2023:

	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 2023	**33,232**	**311,149**	**344,381**	**74,322**	**695,881**	**770,203**
Interest accrued	8,655	-	8,655	18,848	-	18,848
Interest capitalized	425	-	425	925	-	925
Interest repayment	(17,251)	-	(17,251)	(37,568)	-	(37,568)
Other financing charges	(2,098)	-	(2,098)	(4,568)	-	(4,568)
Transfers	13,552	(13,552)	-	29,513	(29,513)	-
Exchange differences	1,042	9,585	10,627	-	-	-
Carrying amount as at 31 March 2023	**37,557**	**307,182**	**344,739**	**81,472**	**666,368**	**747,840**

Below is the reconciliation on interest bearing loans and borrowings for 31 December 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**

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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**

23.2 Amortised cost of borrowings

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Senior loan notes	304,749	298,133	661,088	666,768
Revolving loan facilities	4,358	3,655	9,456	8,176
Reserve based lending (RBL) facility	35,632	42,593	77,296	95,259
	344,739	**344,381**	**747,840**	**770,203**

$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 $661.1 million, ₦ 304.7 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 $3.3 million, ₦1.5 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 $77.3 million, ₦35.6 billion (Dec 2022: $95.3 million, ₦42.6 billion), 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 $9.5 million, ₦4.4 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.

24. Trade and other payables

	31 March 2023	31 Dec 2022	31 March 2023	31 Dec 2022
	₦ million	₦ million	$'000	$'000
Trade payable	43,010	48,582	93,301	108,654
Accruals and other payables	75,534	96,112	163,855	214,953
NDDC levy	3,134	2,685	6,798	6,004
Royalties payable	28,002	30,749	60,744	68,769
Overlift payable	62,383	27,494	135,326	61,489
	212,063	**205,622**	**460,024**	**459,869**

Included in accruals and other payables are field accruals of $48.5 million, ₦22.4 billion (Dec 2022: $106.1 million, ₦38 billion) and other vendor payables of $53.1 million, ₦24.5 billion (Dec 2022: $38.1 million, ₦26.5 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.

25. Computation of cash generated from operations

	Notes	3 Months ended 31 March 2023	3 Months ended 31 March 2022	3 Months ended 31 March 2023	3 Months ended 31 March 2022
		₦ million	₦ million	$'000	$'000
Profit before tax		**39,524**	**34,712**	**86,060**	**83,407**
Adjusted for:					
Depletion, depreciation and amortization		16,933	14,518	36,878	34,890
Depreciation of right-of-use asset		502	410	1,093	985
Impairment (reversal)/ losses on financial assets	11.1	(412)	509	(898)	1,223
Loss on disposal of other property, plant & equipment		-	5	-	12
Interest income	13	(750)	(13)	(1,634)	(32)
Interest expense on bank loans	13	8,655	7,468	18,848	17,950
Interest on lease liabilities	13	40	20	87	47
Unwinding of discount on provision for decommissioning	13	162	243	353	585
Unrealised fair value (gain)/loss on derivatives financial instrument	12	(28)	896	(62)	2,154
Realised fair value loss on derivatives	12	551	743	1,200	1,787
Unrealised foreign exchange (gain)/loss	9	(234)	2,517	(509)	6,048
Share based payment expenses		596	540	1,299	1,297
Defined benefit expenses		471	675	1,025	1,623
Share of profit in joint venture		12	52	26	124
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		4,043	18,308	8,804	44,004
Inventories		(116)	317	(253)	761
Prepayments		(2,628)	(358)	(5,724)	(860)
Contract assets		(812)	(1,601)	(1,769)	(3,847)
Trade and other payables		71	(4,622)	155	(11,109)
Restricted cash		(853)	(59)	(1,857)	(143)
Net cash from operating activities		**65,727**	**75,280**	**143,122**	**180,906**

26. 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.

	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	₦ million	₦ million	$'000	$'000
Profit attributable to Equity holders of the parent	26,705	6,868	58,143	16,484
(Loss)/profit attributable to Non-controlling interests	(281)	1,422	(613)	3,418
Profit for the year	**26,424**	**8,290**	**57,530**	**19,902**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,446	584,036	588,446	584,036
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**	**586,837**	**588,447**	**586,837**
Basic earnings per share for the period	₦	₦	$	$
Basic earnings per share	45.38	11.76	0.10	0.03
Diluted earnings per share	45.38	11.70	0.10	0.03
Profit used in determining basic/diluted earnings per share	**26,705**	**6,868**	**58,143**	**16,484**

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.

27. Proposed dividend

The Group's directors proposed an interim dividend of 3 cents per share for the reporting period (2022: 2.5 cents)

28. 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 Dr. 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.

Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'): Dr. A.B.C Orjiako 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 nil (Dec 2022: $916.5 thousand, ₦409.8 million). Payables amounted to nil in the current period.

Amaze Limited: Dr. A.B.C Orjiako 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 $587,400, ₦271 million (Dec 2022: $1,457 thousand, ₦651.3 million).

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 nil (Dec 2022: $53.7 thousand, ₦24 million).

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29. Commitments and contingencies

29.1 Contingent liabilities

The Group is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the three months ended 31 March 2023 is ₦5.15 billion, $11.18 million (Dec 2022: ₦5.1 billion, $11.45 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.

30. 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 March 2023 and on its profit or loss and other comprehensive income for the period ended.

31. 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 March 2023	31 March 2022	31 Dec 2022
		N/$	N/$	N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical	Historical
Property, plant & equipment – additions	Average rate	459.20	416.06	424.37
Property, plant & equipment - closing balances	Closing rate	460.98	416.25	447.13
Current assets	Closing rate	460.98	416.25	447.13
Current liabilities	Closing rate	460.98	416.25	447.13
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	Overall Average rate	459.20	416.06	424.37