

Unaudited results for the nine months ended 30 September 2023

30 October 2023



Reliable energy,
limitless potential



Lagos and London, 30 October 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 nine months ended 30 September 2023.

Summary

9M 2023 production averaged 48,152 boepd, up 11% on 9M 2022, with liquids production up 17%. Operations benefited from improved uptime at Forcados Oil Terminal and availability of the Amukpe-Escravos pipeline, supporting strong revenue, modestly offset by higher costs. Robust cash generation, further strengthening our balance sheet.

Financial highlights

- Revenue up 31.0% to \$810.4 million (including an overlift of \$127.8 million) from \$618.6m in 9M 2022 (including an underlift of \$60.3 million). Adjusted revenue was flat YoY as improved production mitigated lower oil price realisations.
- Average realised oil price \$82.76/bbl (9M 2022: \$108.25/bbl); average gas price improved to \$2.87/Mscf (9M 2022: \$2.80/Mscf).
- Unit production opex of \$9.7/boe, (9M 2022: \$9.3/boe).
- Cash generation of \$365.1 million, flat YoY, funding capex of \$125.4 million.
- Balance sheet strengthened in the quarter, \$391.0 million cash at bank (9M 2022: \$305 million), \$128 million MPNU cash deposit not included.
- Net debt at end September fell to \$347.6 million (9M 2022: \$452.2 million), a further \$11 million of RBL borrowings were repaid in 3Q 2023 (\$22 million YTD). Net Debt to TTM EBITDA improved to 0.9x.
- Q3 2023 dividend declared of US3 cents per share, in line with higher core annual dividend of US 12 cents.

Operational highlights

- Production increased to 48,152 boepd, up 11% (9M 2022: 43,337 boepd), slightly down on 6M 2023 given outages on export infrastructure in 3Q. Group production deferment at 31% down from 37% in the same period last year.
- Issues with the Antan-Ebocha line were resolved allowing production to resume at the Jisike field (OML53) in August.
- ANOH first gas now expected in 3Q-2024. Further delays during construction of the project, particularly the two critical infrastructure projects managed by third parties: OB3 pipeline and Spur line.
- Carbon emissions intensity: 26.0 kg CO₂/boe. Three of four Sapele AG compressors have now been commissioned.
- Achieved more than 6.4 million hours without Lost Time Injury (LTI) at Seplat-operated assets.

Corporate updates

- Full year production guidance narrowed to 46-50 kboepd, inside the original guidance range of 45-55 kboepd.
- Full year capex guidance narrowed to \$160-180 million, run rate capex in 4Q23 is expected to be modestly higher than the prior quarter due to project milestone payments.
- Increasing confidence that President Tinubu’s administration will approve our acquisition of ExxonMobil’s share capital of Mobil Producing Nigeria Unlimited (MPNU).

Roger Brown, Chief Executive Officer, said:

“Seplat Energy’s operational performance was strong in the third quarter, particularly September which mitigated some of the outages experienced on third party infrastructure and supported production growth of 11% on the same period in 2022.

Our balance sheet remains strong and thanks to higher commodity pricing and our proactive approach to cash management, we have generated more than \$170m in free cash flow year to date. Our focus for the rest of 2023 is on safe and reliable operations, revenue assurance and cost management, all of which will deliver further strengthening of our cash position. This keeps us on track for an excellent year that will support the increased quarterly dividends we announced in April and allow us to continue our commitment to reward shareholders.

Following the serious incident on the Depthwize Majestic rig, which resulted in the tragic loss of life, we have provided significant support to Depthwize, its owner, in its recovery operation. Our own investigations are ongoing, but I can assure all stakeholders of our unwavering commitment to safety on all of our operations.

Ongoing third-party delays to ANOH’s export infrastructure remain a source of frustration, but we are confident that the quality of the project will support dividend growth for Seplat in the coming years as we diversify the business and deliver on our strategy to provide more affordable energy for Nigeria.

We remain confident that we can conclude our transformational acquisition of MPNU. We wholly align with and support President Tinubu’s efforts to make Nigeria a more attractive place to invest, and we will play our part by delivering affordable and reliable energy that will support our nation’s growth.”

Summary of performance

	\$ million			₦ billion	
	9M 2023	9M 2022	% Change	9M 2023	9M 2022
Revenue *	810.4	618.6	31.0%	478.1	258.7
Gross profit	416.3	283.4	46.9%	245.6	118.5
EBITDA **	306.4	337.9	(9.3%)	180.8	141.3
Operating profit (loss)	154.8	235.9	(34.4%)	91.3	98.6
Profit (loss) before tax	106.5	185.2	(42.5%)	62.9	77.5
Cash generated from operations	365.1	368.1	(0.8%)	215.4	154.0
Working interest production (boepd)	48,152	43,337	11.1%		
Volumes lifted (MMbbls) ***	8.7	4.9	77.6%		
Average realised oil price (\$/bbl.)	\$82.76	\$108.25	(23.5%)		
Average realised gas price (\$/Mscf)	\$2.87	\$2.80	2.5%		
LTIF	0	0			
CO2 emissions intensity from operated assets, kg/boe	26.0	22.8	14.0%		

* 9M 2023 revenue includes an overlift of \$127.8m, 9M22 revenue includes an underlift of \$60.3m

** Adjusted for non-cash items

*** Volumes lifted in 9M 2023 includes 1.28 MMbbls of overlift

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/>

Operating review

Group production performance

Working interest production for the nine months ended 30 September 2023

	Seplat %	9M 2023			9M 2022		
		Liquids	Gas	Total	Liquids	Gas	Total
		bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	15,206	116.5	35,289	14,710	112.8	34,157
OML 40	45%	10,169	-	10,169	6,316	-	6,316
OML 53	40%	1,154	-	1,154	1,806	-	1,806
OPL 283	40%	1,540	-	1,540	1,058	-	1,058
Total		28,069	116.5	48,152	23,890	112.8	43,337

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station. Gas conversion factor of 5.8 boe per scf.

Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

During the first nine months of 2023, the total working interest production was within guidance and increased by 11.1% to 48,152 boepd (9M 2022: 43,337 boepd); the oil & gas mix was 58% and 42% respectively. Within this, oil working interest production increased by 17.5% while gas working interest production rose 3.3%. Total production deferment in the period was 31% (9M 2022: 37%), a significant improvement on prior year performance.

2023 working interest production by quarter

	Seplat %	Q3 2023			Q2 2023			Q1 2023		
		Liquids	Gas	Total	Liquids	Gas	Total	Liquids	Gas	Total
		bopd	MMscfd	boepd	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	12,595	110.8	31,693	15,466	114.8	35,254	17,613	124.1	39,003
OML 40	45%	8,922	-	8,922	12,025	-	12,025	9,568	-	9,568
OML 53	40%	1,133	-	1,133	1,049	-	1,049	1,280	-	1,280
OPL 283	40%	1,159	-	1,159	1,584	-	1,584	1,885	-	1,885
Total		23,809	110.8	42,907	30,124	114.8	49,912	30,346	124.1	51,735

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station. Gas conversion factor of 5.8 boe per scf.

Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

Upstream business performance

Total liquids production increased by 17.9% to 7.7 MMbbls in 9M 2023, compared to 6.5 MMbbls in 9M 2022. The higher production during the period was supported by the improved availability of the Forcados Oil Terminal that supports export for the majority of our assets; a contrast to its prolonged unavailability in 3Q 2022.

In OMLs 4, 38, & 41, working interest liquids production improved 3.4% to 15,206 bopd (9M 2022: 14,710 bopd). In the third quarter production was supported by the availability of the AEP pipeline which provided a reliable alternate evacuation route, helping to offset the impact of 44 days downtime for the TFP evacuation route. The main cause of the outage was the time taken to repair the Single Point Mooring (SPM) system at the Forcados Oil Terminal. Production was also impacted by delays to the delivery of new well stock planned on the asset in 2023.



Our operations at OML 40 contributed the most significant growth in the period. Working interest production from the asset grew by 61.0% to 10,169 bopd in 9M 2023 (9M 2022: 6,316 bopd). The strong growth in OML 40 volumes was because of higher production uptime (driven by improved pipeline availability) and the successful delivery of the 2023 wells campaign.

On the Eastern operations in OML 53, daily working interest production fell 36.1% to 1,154 bopd in 9M 2023, with the evacuation of these volumes principally to the nearby Waltersmith Refinery from our Ohaji operations. The issues with the Antan-Ebocha delivery line were resolved in August allowing us to resume production from our Jisike operations. This is expected to improve output from OML53 in the coming months. However, the Trans Niger Pipeline (TNP) remains unavailable, constraining production volumes from Ohaji.

We are actively working towards solutions for the third-party evacuation issues on our Eastern assets and are in final discussions with the Edo Refinery regarding an alternative evacuation option. The plan entails supplying c.600 bopd of JV crude from Ohaji to the Edo Refinery.

We remain committed to resolving current evacuation issues, developing alternative solutions and optimising production across our operations.

Majestic Rig Incident

On 15th August 2023, Seplat Energy announced the occurrence of a serious incident on the "Majestic" swamp drilling rig owned by Depthwize Nigeria Limited, a drilling services provider. Seplat contracted the rig as the operator of the SEPLAT/NNPCL joint venture, and Depthwize was in the process of moving the rig to its planned drilling location at Ovhor in OML 41 when it capsized.

The tragic incident, which resulted in the loss of life of two of the rig crew while the remaining two are still missing, occurred prior to Seplat accepting the rig onto its well location. Our thoughts and prayers are with the families of the crew members who tragically lost their lives in the incident. Seplat commends the effort of all parties in the rescue mission including several Seplat staff who provided strong Emergency Response support to Depthwize during the incident.

Depthwize has conducted its own investigation into the incident and will not be able to fully determine the cause of the capsize until the rig is salvaged from the site, which is currently underway. While Depthwize was fully responsible for the move, Seplat in line with its policies and procedures has also performed its own independent investigation and has shared the findings with the Nigerian regulator (Nigerian Upstream Petroleum Regulatory Commission) and Depthwize. Seplat will continue to cooperate fully with the regulator in its review of the incident and we continue to offer Depthwize our full support where we can. Our main concern is for the impacted families and to ensure they are properly supported and compensated for their loss.

Drilling

During the 9-month period, our drilling program has successfully delivered eight (8) wells including Opuama-17, Sibiri-2, Gbetiokun-4 W/O, Gbetiokun-10, and Gbetiokun-11 in our OML 40 operations; Orogho-8 in our OML 4, 38, 41 operations; ASSN-05 and OHS_9 in our OML 53 operations. The five (5) wells delivered in our OML 40 operations have been streamed at a gross rate of c.11,600 bopd (100% JV), providing a significant uplift to production from OML 40.

As communicated in Q2 2023, our drilling program is moderately behind plan. To address the delays, we initiated a drilling recovery plan early in Q3 2023, and are now operating three land rigs in the Western Asset which will partially compensate for the 6 swamp wells - Ovhor DKFW-01 well, Abiala-1 W/O, Abiala-B, Ovhor DNFT-02, Ovhor DMFU-01, and Ovhor DFFW-01 which were moved out of the sequence due to a combination of the Majestic Rig incident and delays to the drilling program. We expect most of the delayed swamp wells to be drilled in 2024.

For the remainder of 2023, we plan to deliver six (6) additional wells including Okporhurhu-08 W/O (currently drilling), Okporhurhu-HUHA-04, Sapele-7T Workover (currently drilling), Sapele BGHC-02, Sapele-CEGX, and ASSN-06 (nearing completion). This would bring the total number of delivered wells for 2023 to 14 wells.

Midstream Gas business performance

During the period, the average working interest gas volumes grew 3.3% to reach 116.5 MMscfd, showing improvement compared to 112.8 MMscfd in 9M 2022. This increase is attributed to enhanced well performance and the availability of condensate evacuation routes. Total gas sales for the period were 31.8 Bcf (9M 2022: 30.8 Bcf), contributing 42% of the group's volumes and 12% of total revenue.

In the quarter we have successfully entered into a new Gas Sales Agreement (GSA) with a bulk gas supplier for a volume of 50 MMscfd. All the necessary conditions precedent were met by the new customer, and we will commence gas supply under this agreement in Q4 2023. The execution of additional GSAs is part of our strategy to optimise the capacity of the Oben gas plant. We are also actively working on securing third-party gas to feed both the Oben and Sapele gas plants.

Midstream business separation update

The plan for separating the midstream business from upstream operations has progressed according to schedule. We have completed the internal transfer of midstream assets to Seplat Midstream Company (SMC) and the license to operate the Oben Gas Plant has been issued to SMC by the regulator NMDPRA (Nigerian Midstream Downstream Petroleum Regulatory Authority). Additionally, we have issued notices to our joint venture partners and relevant regulators to inform them of these developments. We will continue to keep the market updated on the progress of this separation process.

ANOH Gas Processing Plant

We outlined four key steps to first gas in our 6M23 results: AGPC plant mechanical completion, Upstream wells drill and hook up, OB3 pipeline river crossing and the completion of the spur line connecting the OB3 pipeline to the ANOH gas plant.

During the quarter, there were further delays in construction of the critical infrastructure required to complete the ANOH gas project. The plant has also progressed slower than expected. Overall, progress was hampered by a deterioration in the security situation, poor weather, and contractor performance.

We are pleased to report that overall completion continued to progress on the AGPC plant, reaching 95%, and we continue to expect mechanical completion by year end 2023. AGPC's safety record continued to remain strong during the quarter, achieving 10 million manhours without LTI on the project, which given the significant challenges encountered, is a highly commendable effort.

In terms of upstream development, the drilling of the third well (ASSN-05) was completed in 1H23. Drilling of the fourth well (ASSN-06) by the upstream unit operator, SPDC is substantially progressed and is expected to be completed shortly. Additionally, work on surface facilities required to deliver wet gas to the AGPC plant is ongoing and expected to be completed by the upstream unit operator, SPDC, in the current quarter.

Our government partner, NGIC, is responsible for delivering the pipelines required to transport the gas from ANOH to the demand centres, including the 23km spur line and the Obiafu-Obrikom-Oben (OB3) pipeline.

With respect to OB3 pipeline, further progress has been made in completion of grouting operations at the river Niger crossing, with two barges currently in operation. After a challenging initial period, documented in prior quarters, approaching half the 1,850m river crossing is now prepared to a point of being ready to tunnel. Tunnelling operations, paused as grouting works were prioritised, are expected to resume soon as necessary personnel and equipment arrive back on site. That said, progress has been slower than expected progress, and our government partner has revised its expected completion time for installation of the pipe to the end of 2023.

Regarding the Spur Line project, all line pipes required for all 23.3km spur line sections are in country and have been delivered to the project site. The first phase of the spur line (5.5km length) in Rivers State has been completed. Of the remaining 9.9km in Rivers State, a section of c.4.5km is near completion and currently being tied in. The remaining 7.9km in Imo State is clearing ground in preparation for pipe laying. In the quarter, the project was delayed by unfavourable weather conditions and deteriorating security concerns, which led to three weeks of movement restrictions in September. Overall completion of the Spur Line project today is at 70%, with our government partner maintaining an expected completion date of end 2023.

Based on the progress to date, we believe that Q1 2024 is more likely for a revised completion date. As we have done previously, we believe it is also prudent to allow for an additional margin of error in our planning assumptions of approximately six months. As such we are revising our first gas target to Q3 2024.

Despite slower than expected progress to project completion, ANOH remains an important strategic project for Seplat, and we are focused on the path to first gas. Once completed, ANOH will provide two income streams for Seplat: wet gas sales from OML 53 to the plant and dividends from the joint venture ANOH Gas Processing Company, which will operate the plant.

Given further delay to first gas we provide an update on our base assumptions for the ANOH gas project. Our Eastern assets have recently faced higher than usual deferrals due to the unavailability of the Trans-Niger Pipeline (TNP), and we factor this into our conservative planning assumptions for ANOH. Our base assumptions include a more conservative view on deferrals than on our Western assets, a wet gas purchase price modestly below current realisations on the rest of our gas portfolio and our business planning oil price assumption of \$60/bbl. We anticipate c.6 month ramp up to plateau production after first gas, during which period AGPC will establish plant stability and offtake performance. Incorporating these elements, we estimate that AGPC should provide a dividend stream net to Seplat of c.\$30m per annum. The dividends are expected to begin approximately 12-18months after first gas.

We note that a \$10/bbl change in the oil price would change the expected dividend by c.\$5m, while a 1% change in production deferral changes the expected dividend by c.\$1m, both figures are net to Seplat.



New Energy Business

Strategic growth investment opportunities are being pursued for the New Energy Business, with a particular focus on entry into off-grid power generation. Such projects will increase the reliability, lower the cost, and reduce the carbon intensity of existing Nigerian electricity consumption. We have identified power project opportunities for investment, and we continue to work through technical and commercial due diligence to evaluate these investment opportunities.

HSE Performance

The Company has achieved a total of 6.4 million hours (2.2 million hours in Q3 2023) without any Lost Time Injury (LTI) on its operated assets, which reflects the Company's strong focus on safety and the dedication of its workforce to maintaining a secure work environment. In addition, TRIR was 0.63 with no major injuries were reported during this period. There was one Tier 2 Process Safety Loss of Primary Containment (LOPC) incident from a section of the Amukpe-Rapele Trunkline that resulted in 95bbbls of oil spilled.

Training sessions on Incident Management (Tripod Beta methodology) were held to enhance incident investigation and prevention with 44 participants at the Lagos and Sapele locations. Also, Process Safety Management Training for Operations, Engineering, Maintenance, Wells, and HSE Team members to prevent process-related incidents was conducted with 63 participants.

The company is on a path to achieve ISO 45001 and 14001 certifications, demonstrating its commitment to top-tier safety and environmental performance. These certifications are globally acknowledged benchmarks for occupational health and safety management systems and environmental management systems, respectively.

Reducing carbon intensity is crucial for the Company, and the flares-out roadmap, which includes measures to minimise greenhouse gas emissions and improve overall energy efficiency, is being implemented to eliminate routine flares by Q4 2024. The carbon intensity recorded for the period was 26.0 kg/boe, higher than the 22.8 kg/boe recorded in 9M 2022 because of higher production. The Sapele Flow Station contributed significantly to the higher carbon intensity recorded YTD. However, the commissioning of the Sapele AG compressors puts us in a position to materially reduce absolute emissions (by approximately 40%) once gas offtake begins. The other project for completion in 2023 is at the Jisike Flow Station, and the gas compression project is expected to capture another 9% of emissions in 2023.

Proposed acquisition of MPNU

On 24 May 2023, we announced that we have extended with Mobil Development Nigeria Inc. and Mobil Exploration Nigeria Inc. (ExxonMobil) the Share Sale and Purchase Agreement (SSPA) for the acquisition of ExxonMobil's share capital of Mobil Producing Nigeria Unlimited (MPNU) to preserve the transaction pending the resolution of certain legal proceedings and receipt of applicable regulatory approvals.

The Board remains confident that the transaction will be approved, and all associated legal issues will be resolved. We continue to work with all parties to achieve a successful outcome, including our financiers who remain supportive, and have been encouraged by the recent drive of the Tinubu administration to promote investment in country. We will provide further updates as appropriate.

Intra-group transfer of OML 53 from Seplat Energy to Seplat East Onshore Company Limited

During the quarter, Seplat completed the internal transfer of the business activities and assets of OML 53 from the Holding Company to its wholly owned subsidiary Seplat East Onshore Limited having obtained regulatory and partner approvals. This Intra-Group transfer will not result in any change to the current business strategy for the assets nor will it affect how the Seplat Group commercially operates. Therefore, the operatorship of the asset remains with Seplat under the Joint Operating Agreement ("JOA"), as the transfer to an affiliate of Seplat under the terms of the JOA is permitted.

The new structure of the Seplat Group is consistent with Seplat's efforts to simplify its structure and is designed towards segregating the businesses of the Group more efficiently thereby reducing risk, cost, and complexity. This is also expected to result in a simplified management and reporting framework for the Seplat Group.

The outcome of the transfer will not, in any way, result in a loss of tax revenue to the Government or an extinguishment of liabilities. Similarly, it will not diminish shareholder value in (and returns from) Seplat as a listed company.

Shareholder actions

The Company had previously communicated a series of lawsuits brought by minority shareholders holding less than 0.005% of the Company's issued shares (details were included in the [H1 2023 release](#)). The company continues to be successful in its defense against these lawsuits and remains confident that the courts will appropriately address the



outstanding frivolous litigations. Seplat, as a responsible corporate citizen, will continue to engage all its stakeholders in accordance with applicable law and established corporate governance best practices.

Outlook

Group production performance has improved in 2023, thanks to well performance on OML40 and reduced losses on our Western Asset. We have no significant planned turnaround activity in 4Q23, as such we can narrow our production guidance to a range of 46,000-50,000 boepd, within our original guidance range. Our guidance does not include any contribution from MPNU or ANOH.

Our capital expenditure guidance for 2023 is narrowed to a range of \$160-180 million. Reduced well count modestly lowers total expenditure on drilling, while we also anticipate making some project milestone payments in the final quarter of the year. The focus on recovery of our drilling program continues. We are actively looking to contract a new swamp rig, that will increase rigs on our Western Asset to four.

We expect to generate positive free cash flow in the final quarter of 2023, further supporting our ability to fund the MPNU transaction and underpinning managements desire to continue to reward shareholders. The company maintains a policy of a core dividend of 3c per share payable quarterly (12c per share annually), and an additional special dividend. The special dividend will be considered by the board as part of the full year 2023 results.

Financial review

Revenue

Crude oil price, which trended downwards for most of 1H 2023, on concerns around the impact of global monetary policy normalisation on economic activities, recovered sharply in Q3 2023. This was supported by supply cuts from Saudi Arabia and Russia, and declining global crude oil inventories. As a result, average Brent crude price in the period rose 11% to average \$85.92/bbl in Q3 2023, from \$77.73/bbl in Q2 2023. That said, 9M 2023 average Brent crude price remained 20% lower than average price over the same period in 2022.

For Seplat, our average realised oil price was \$90.3/bbl in Q3 2023. This was 19% and 10% higher than realised oil prices in Q2 2023 and Q1 2023, respectively, helped by the favourable timing of crude oil liftings, but down 21% from \$114.68/bbl realised in Q3 2022.

YTD, average realised oil price for Seplat is \$82.76, 24% below the \$108.25/bbl average realised in 9M 2022.

Crude oil revenue rose 33.9% to \$716.4 million in 9M 2023, from \$534.9 million in 9M 2022. The YoY growth in Crude oil revenue can be attributed primarily to the overlifts recorded during the period. Total overlifts for 9M 2023 stood at \$127.8 million (equivalent to 1.28 MMbbls) and is adjusted for in other income. Excluding overlifts, crude oil revenue was \$588.5 million, c.1% lower than adjusted revenue in 9M-2022's \$595.2 million (adjusted for underlift in the period). Higher production in the period fully mitigated the effect of lower realised oil prices. Total crude lifted during the period rose 76.7% to 8.7 MMbbls (9M 2022: 4.9 MMbbls). The average pipeline loss factor for the group was 3.3%.

Gas revenue experienced a 12.3% increase, reaching \$93.9 million in 9M 2023 (compared to \$83.7 million in 9M 2022). This growth is attributed to a combination of a modest increase in realised gas prices and a rise in sales volume. The average realised gas price rose by 2.5% to \$2.87/Mscf, while gas production saw a 3.2% increase to 31.8 Bscf during the same period (compared to 30.8 Bscf in 9M 2022). The average realised gas price improvement reflects the impact of higher gas price negotiated with off-takers in the period.

Overall, Oil and Gas sales for 9M 2023 rose 31.0% to \$810.4 million, from \$618.6 million in 9M 2022. Adjusting for overlifts, total Oil & Gas sales were \$682.5 million.

Gross profit

During the period, gross profit rose 46.9% to \$416.3m, from the \$283.4m recorded in 9M 2022. Non-production costs primarily included \$141.2 million in royalties and \$116.9 million in depreciation, depletion, and amortisation (DD&A), contrasting with \$132.2 million in royalties and \$88.4 million in DD&A in the previous year. The difference is largely due to higher production in 2023.

Direct operating costs, which encompass expenses related to crude-handling charges (CHC), barging/trucking, operations and maintenance, amounted to \$94.9 million in 9M 2023, marking a 41.0% increase from the \$67.3 million incurred in 9M 2022. This rise in direct operating costs is attributed to the increase in produced volumes in 2023 by about 1.2mm bbls and higher CHC from using alternative evacuation routes secured by Seplat to minimise reliance from a single evacuation route resulting in lower outages and third-party infrastructure downtime.

Considering the cost per barrel equivalent basis, production operating expenses (opex) were \$9.7/boe in 9M 2023, compared to \$9.3/boe in 9M 2022.

Operating profit

During the period under review, operating profit decreased by 34.4% to \$154.8 million, from \$235.9 million achieved in 9M 2022. This decline in operating profit was attributed to a combination of lower oil prices, foreign exchange (FX) losses due to Naira devaluation, and higher General and Administrative (G&A) expenses.

G&A expenses amounted to \$104.5 million, 31.6% higher than the G&A costs of \$79.4 million incurred in 9M 2022. This increase in G&A costs was mainly due to professional fees associated with the litigation costs in response to the unprecedented and intense period of minority shareholder actions through the Courts; it also includes costs associated with the MPNU transaction. Excluding these exceptional items, G&A costs would have closed relatively flat compared to the previous year. Nevertheless, Seplat remains committed to minimising G&A expenses and has established cost champions to identify cost pressure points, and we are implementing measures to control expenditure in those areas.

During the period, there was a significant adjustment in the exchange rate between the Nigerian Naira and US Dollar, following CBN guidelines to unify multiple exchange rate windows to the Nigerian Autonomous Foreign Exchange Market

(NAFEM). The closing rate for September 2023 was NGN832.08/USD1, representing a notable difference from the rates in May 2023 of NGN461.28/USD1, before the new guidelines were implemented. The revaluation of the Group's financial assets arising from the exchange rate difference resulted a net (non-cash) loss (please refer to the [H12023 results](#) for more details). As a result, the company implemented several measures to control the impact of the Naira devaluation on financial performance including exhausting avenues to cover costs in Naira and ensuring utilisation of Naira excess cash balances. As a result, YTD FX losses are \$27.8 million, following FX gains offset of \$6.8 million recorded in Q3 2023.

After adjusting for non-cash items such as impairment, fair value, and exchange losses, the adjusted EBITDA for the period was \$306.4 million (9M 2022: \$337.9 million), resulting in a margin of 37.8% (9M 2022: 54.6%).

Taxation

The income tax expense of \$27.0 million includes a current tax charge of \$54.3 million and a deferred tax credit of \$27.3 million. The deferred tax credit recorded during the period was due to change in applicable tax rate on our Elcrest assets which impacted deferred tax asset balance brought forward from prior years. The effective tax rate for the period was 25% (9M 2022: 60%).

Effective tax rate analysis	Income tax expense			Tax rate	
	Current	Deferred	Total	ETR (Effective Tax Rate)	Current Tax rate
Profit before tax (\$'million)					
106.5	54.3	(27.3)	27.0	25%	51%

Net result

Profit before tax declined by 42.5%, amounting to \$106.5 million, compared to \$185.2 million in 9M 2022. However, the lower taxation in the current period, resulted in a closing profit of \$79.5 million, as opposed to \$73.9 million in 9M 2022.

The profit attributable to equity holders of the parent company, representing shareholders, was \$40.5 million in 9M 2023, which resulted in basic earnings per share of \$0.07 for the period (9M 2022: \$0.13/share).

Cash flows from operating activities

During the period, the Company generated \$365.1 million in cash from its operations, a small decrease from the \$368.1 million generated in 9M 2022.

Net cash flow from operating activities amounted to \$296.3 million in 9M 2023, compared to \$317.4 million in 9M 2022. This figure includes higher tax payments of \$60.5 million and a hedging premium of \$3.9 million during the current period, while in the previous year, tax payments were \$43.1 million, and the hedging premium paid was \$7.6 million.

The Company received \$174 million in the first nine months of 2023 towards settling cash calls from the major JV Partner NEPL. Another \$32 million was received after the period; this progress led to the reduction of the receivables balance, which now stands at \$72 million. Receivables outstanding from our JV partner on OML 53 as of September 2023 are \$32 million. The amounts increased over the period because the partner has been impacted by prolonged crude evacuation challenges, where Seplat has lifted through the Waltersmith Refinery since early 2022. As such, the overlift volume stood at over 1 MMbbls as of September 2023. In view of this, we are in discussions with NUIMS management and expected to come to a resolution within this quarter.

Cash flows from investing activities

In the first nine months of 2023, the total net cash outflow from investing activities was \$110.4 million, which decreased from the \$232.9 million (a figure which includes \$140 million in acquisition costs, of which the deposit for investment in MPNU transaction was \$128.3 million) recorded in 9M 2022.

The capital expenditure on oil & gas assets during the period was \$122.7 million, including \$85.8 million invested in drilling activities and \$36.9 million invested in engineering projects. Total capex (including other fixed assets) was \$125.4 million.

The Company received \$8.7 million from All Grace Energy regarding the divestment from the Ubima field, the sum of \$27.3 million has been received to date leaving an outstanding of \$27.7 million. An extension of the payment period by 18 months has been agreed, with the final payment now due in Oct-2024.

Cash flows from financing activities

Net cash outflows from financing activities were \$168.6 million, which increased from the \$110.9 million recorded in 9M 2022.

These outflows included \$58.1 million for interest on loans and borrowings, reflecting the cost of servicing the Company's debt obligations. Additionally, a commitment fee and associated transaction cost of \$8.5 million was incurred on our credit facilities. The loan repayments of \$22.0 million, in two \$11m tranches, during the period represent the first principal repayments of the Eland Senior RBL Facility.

During the period, shareholders were paid dividends amounting to \$76.1 million (9M 2022: \$44.1 million paid).

Liquidity

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

Net debt reconciliation 30 September 2023	\$ million*	Coupon	Maturity
Senior notes*	641.0	7.75%	April 2026
Westport RBL*	88.0	SOFR rate+8%	March 2026
Off-take facility*	9.6	SOFR rate+10.5%	April 2027
Total borrowings	738.6		
Cash and cash equivalents (exclusive of restricted cash)	391.0		
Net debt	347.6		

* Including amortised interest

Seplat Energy ended the first quarter with gross debt of \$738.6 million (with maturities in 2026 and 2027) and cash at bank of \$391.0 million, leaving net debt at \$347.6 million. The restricted cash balance of \$21.2 million includes \$8.1 million and \$11.4 million set aside in the stamping reserve and debt service reserve accounts for the revolving credit facility.

As the Company continuously reviews its funding and maturity profile, it continues to monitor the market in ensuring that it is well positioned for any refinancing and or buy back opportunities for the current debt facilities – including potentially the \$650 million 7.75% 144A/Reg S bond maturing in 2026.

Dividend

The board has approved a Q3 2023 dividend of US3.0 cents per share (subject to appropriate WHT) to be paid to shareholders whose names appear in the Register of Members as at the close of business on 10 November 2023. This takes dividend payments to US9.0 cents per share for the 2023 financial year to date, in line with the Company's dividend policy.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. Total volumes hedged in 2023 amount to 6.0 MMbbls. For Q4 2023, Seplat hedged 1.5 MMbbls of dated Brent deferred put options at \$55/bbl (at a cost of \$0.73/bbl); and for Q1 2024, Seplat hedged 1.5 MMbbls dated Brent deferred put options at \$65/bbl (at a cost of \$1.08/bbl).

Oil put options	Q4 2023	Q1 2024
Volume hedged (MMbbls)	1.5	1.5
Price hedged (\$/bbl.)	55	65

Additional barrels are expected to be hedged for the second quarter of 2024, 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

Since submitting the conditional application to convert all our assets to the PIA regime in February 2023, our multi-disciplinary team has been diligently preparing the Company for full compliance with the various aspects of the PIA and anchor regulations as they impact Seplat. Meanwhile, the regulator is finalising the guidelines for the conversion and has



shared concession contracts with converting companies to enable a thorough review and understanding of the contractual terms and obligations that will be applicable under the new PIA regime. The long-stop date for the fulfilment of the conditions precedent, which was extended to September 30, 2023, has expired; we expect that a new date will be communicated.

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 30 September 2023 was 29%.

Unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2023

30 October 2023

Reliable energy,
limitless potential

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

For the nine months ended 30 September 2023

		9 Months ended 30 Sept 2023 Unaudited	9 Months ended 30 Sept 2022 Unaudited	3 Months ended 30 Sept 2023 Unaudited	3 Months ended 30 Sept 2022 Unaudited
	Notes	₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	7	478,130	258,716	199,796	39,513
Cost of sales	8	(232,514)	(140,173)	(94,765)	(35,077)
Gross profit		245,616	118,543	105,031	4,436
Other (loss)/income	9	(89,762)	22,279	(43,540)	6,693
General and administrative expenses	10	(61,673)	(33,207)	(28,165)	(13,927)
Impairment loss on financial assets	11.1	(633)	(2,667)	(1,090)	(15)
Impairment loss on non-financial assets	11.2	-	(3,552)	-	(20)
Fair value loss	12	(2,227)	(2,752)	(1,126)	(543)
Operating profit		91,321	98,644	31,110	(3,376)
Finance income	13	3,709	202	1,666	93
Finance cost	13	(32,078)	(21,420)	(13,250)	(6,527)
Finance cost-net		(28,369)	(21,218)	(11,584)	(6,434)
Share of (loss)/profit from joint venture accounted for using the equity method		(98)	48	(122)	(9)
Profit/loss before taxation		62,854	77,474	19,404	(9,819)
Income tax (expense)/credit	14	(15,926)	(43,616)	(14,507)	8,232
Profit for the period		46,928	33,858	4,897	(1,587)
Attributable to:					
Equity holders of the parent		23,879	34,634	1,751	650
Non-controlling interests		23,049	(776)	3,146	(2,237)
		46,928	33,858	4,897	(1,587)
Earnings per share for the period					
Basic earnings/(loss) per share ₦	26	40.58	59.30	2.98	1.11
Diluted earnings/(loss) per share ₦	26	40.58	59.02	2.98	1.11

Interim consolidated statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2023

		9 Months ended 30 Sept 2023 Unaudited	9 Months ended 30 Sept 2022 Unaudited	3 Months ended 30 Sept 2023 Unaudited	3 Months ended 30 Sept 2022 Unaudited
	Notes	₦ million	₦ million	₦ million	₦ million
Profit for the period		46,928	33,858	4,897	(1,587)
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		547,128	29,637	3,197	24,724
Total comprehensive income for the period (net of tax)		594,056	63,495	8,094	23,137
Attributable to:					
Equity holders of the parent		571,007	64,271	4,948	25,374
Non-controlling interests		23,049	(776)	3,146	(2,237)
		594,056	63,495	8,094	23,137

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

Interim condensed consolidated statement of financial position

As at 30 September 2023

		30 September 2023 Unaudited	31 Dec 2022 Audited
	Notes	₦ million	₦ million
Assets			
Non-current assets			
Oil & gas properties		1,266,771	741,339
Other property, plant and equipment		21,198	12,419
Right-of-use assets		2,118	1,974
Intangible assets	16	91,422	55,630
Other assets		76,991	45,478
Investments accounted for using equity accounting	17	167,844	99,219
Prepayments		32,030	25,703
Deferred tax assets	14.2	405,957	205,107
Total non-current assets		2,064,331	1,186,869
Current assets			
Inventories		42,321	24,774
Trade and other receivables	18	317,645	174,127
Prepayments		3,348	556
Derivative financial instruments	20	-	481
Contract assets	19	5,717	3,313
Restricted cash	21.2	16,022	10,706
Cash and cash equivalents	21	295,983	180,786
Total current assets		681,036	394,743
Total assets		2,745,367	1,581,612
Equity and Liabilities			
Equity			
Issued share capital	22	300	297
Share premium	22	92,220	91,317
Share based payment reserve	22	9,563	5,936
Treasury shares		(2,025)	(2,025)
Capital contribution		5,932	5,932
Retained earnings		220,374	241,386
Foreign currency translation reserve		994,142	447,014
Non-controlling interest		20,086	(2,963)
Total shareholders' equity		1,340,592	786,894
Non-current liabilities			
Interest-bearing loans and borrowings	23	491,847	311,149
Provision for decommissioning obligations		150,993	86,670
Deferred tax liabilities	14.3	252,520	126,664
Defined benefit plan		6,624	2,878
Total non-current liabilities		901,984	527,361
Current liabilities			
Interest-bearing loans and borrowings	23	67,274	33,232
Lease Liabilities		973	1,800
Derivative financial instruments	20	1,503	1,435
Trade and other payables	24	395,204	205,622
Current tax liabilities		37,837	25,268
Total current liabilities		502,791	267,357
Total liabilities		1,404,775	794,718
Total shareholders' equity and liabilities		2,745,367	1,581,612

Unaudited interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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 the nine months ended 30 September 2023 were authorised for issue in accordance with a resolution of the Directors on 30 October 2023 and were signed on its behalf by:



B. Omiyi

FRC/2016/IODN/00000014093

Chairman

30 October 2023



R.T. Brown

FRC/2014/PRO/DIR/003/00000017939

Chief Executive Officer

30 October 2023



E. Onwuka

FRC/2020/PRO/ICAN/006/00000020861

Chief Financial Officer

30 October 2023

Interim condensed consolidated statement of changes in equity

For the nine months ended 30 September 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 for the period	-	-	-	-	-	34,634	-	(776)	33,858
Other comprehensive income	-	-	-	-	-	-	29,637	-	29,637
Total comprehensive income for the period	-	-	-	-	-	34,634	29,637	(776)	63,495
Transactions with owners in their capacity as owners:									
Dividend	-	-	-	-	-	(18,458)	-	-	(18,458)
Share based payments (Note 22)	-	-	1,463	-	-	-	-	-	1,463
Total	-	-	1,463	-	-	(18,458)	-	-	(16,995)
At 30 Sept 2022 (unaudited)	296	90,383	6,377	(2,025)	5,932	255,605	414,985	(21,689)	749,864
At 1 January 2023	297	91,317	5,936	(2,025)	5,932	241,386	447,014	(2,963)	786,894
Profit for the period	-	-	-	-	-	23,879	-	23,049	46,928
Other comprehensive income	-	-	-	-	-	-	547,128	-	547,128
Total comprehensive income for the period	-	-	-	-	-	23,879	547,128	23,049	594,056
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(44,891)	-	-	(44,891)
Share based payments (Note 22)	-	-	4,533	-	-	-	-	-	4,533
Vested shares (Note 22)	3	903	(906)	-	-	-	-	-	-
Total	3	903	3,627	-	-	(44,891)	-	-	(40,358)
At 30 Sept 2023 (unaudited)	300	92,220	9,563	(2,025)	5,932	220,374	994,142	20,086	1,340,592

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

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2023

		9 Months ended 30 Sept 2023 Unaudited	9 Months ended 30 Sept 2022 Unaudited
	Notes	₦ million	₦ million
Cash flows from operating activities			
Cash generated from operations	25	215,390	153,960
Tax paid		(35,707)	(18,039)
Contribution to plan assets		(3,282)	-
Hedge premium paid		(2,316)	(3,158)
Net cash inflows from operating activities		174,085	132,763
Cash flows from investing activities			
Payment for acquisition of oil and gas properties	15	(72,385)	(46,114)
Payment for acquisition of other property, plant and equipment		(1,599)	(672)
Deposit for investment		-	(60,482)
Proceeds from disposal of oil and gas properties		5,134	3,306
Proceeds from disposal of other property plant and equipment		-	8
Receipts from other assets*		-	4,534
Interest received	13	3,709	202
Net cash outflows from investing activities		(65,141)	(99,218)
Cash flows from financing activities			
Repayment of loans & borrowings		(12,980)	-
Dividend paid		(44,891)	(18,458)
Interest paid on lease liability	13	(135)	(99)
lease payments- principal portion		(2,193)	(126)
Payments for other financing charges**		(5,008)	(2,952)
Interest paid on loans and borrowings		(34,278)	(24,754)
Net cash outflows from financing activities		(99,485)	(46,389)
Net increase in cash and cash equivalents		9,459	(12,844)
Cash and cash equivalents at beginning of the period		180,786	133,667
Effects of exchange rate changes on cash and cash equivalents		105,738	10,579
Cash and cash equivalents at end of the period	21	295,983	131,402

*Receipt from other assets relates to proceeds from financial interest in OML 55.

**Other financing charges of \$8.5 million relate to commitment fees and other transaction costs incurred on undrawn portion of 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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 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 & 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 & 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 Nigeria 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 & Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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 & 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

*Destination Natural Resources Limited was liquidated on 6 April 2020.

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 September 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 nine months ended 30 September 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 all values are rounded to the nearest million (₦million), 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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

a) 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.

b) 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 statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

c) 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 amendment has been applied as required in the Group's interim condensed consolidated financial statements.

d) 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.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 - Effective for annual periods beginning on or after 1 January 2024.

3.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2023.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2022.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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.

a) 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.

b) 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.

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:

a) 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.

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For the nine months ended 30 September 2023

b) 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.

c) 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.

d) 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 ₦48 billion (2022: ₦26 billion). See Note 31 for the applicable translation rates.

e) 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.

f) Revenue recognition

Performance obligations

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

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

Significant financing component

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

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

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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:

a) 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

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For the nine months ended 30 September 2023

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.

b) 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.

c) 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.

d) 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.

e) 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.

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For the nine months ended 30 September 2023

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

f) 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.

g) 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.

h) 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.

i) Intangible assets

The contract based intangible assets (license) 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).

a) Risk management

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

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

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

b) Estimation uncertainty in measuring impairment loss

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

i. 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 30 Sept 2023	Effect on other components of equity before tax 30 Sept 2023
	₦ million	₦ million
Increase/decrease in loss given default		
+10%	(169)	-
-10%	176	-

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

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 30 Sept 2023	Effect on other components of equity before tax 30 Sept 2023
	₦ million	₦ million
Increase/decrease in probability of default		
+10%	(128)	-
-10%	143	-

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

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 30 Sept 2023	Effect on other components of equity before tax 30 Sept 2023
	₦ million	₦ million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(128)	-
-10%	143	-

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For the nine months ended 30 September 2023

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022
	₦ million	₦ million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(107)	-
-10%	107	-

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
30 Sept 2023						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	-	38,767	38,661	511,404	588,833
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + LIBOR	12,973	11,595	3,103	-	27,671
The Stanbic IBTC Bank Plc	8.00% + LIBOR	13,244	11,834	3,167	-	28,246
The Standard Bank of South Africa Limited	8.00% + LIBOR	7,568	6,763	1,810	-	16,141
First City Monument Bank Limited	8.00% + LIBOR	3,378	3,019	808	-	7,205
Shell Western Supply and Trading Limited	10.5% + LIBOR	1,338	1,334	1,334	8,991	12,996
Total variable interest borrowings		38,502	34,544	10,221	8,991	92,259

Other non – derivatives

Trade and other payables*	395,204	-	-	-	395,204
Lease liability	973				973
	396,177				396,177
Total	434,679	73,311	48,883	520,395	1,077,268

	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
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Variable interest rate borrowings

The Mauritius Commercial Bank Ltd	8.00% + LIBOR	5,446	7,523	6,777	1,823	21,569
The Stanbic IBTC Bank Plc	8.00% + LIBOR	5,560	7,679	6,918	1,860	22,017
The Standard Bank of South Africa Limited	8.00% + LIBOR	3,177	4,389	3,953	1,063	12,582
First City Monument Bank Limited	8.00% + LIBOR	1,418	1,959	1,765	475	5,617
Shell Western Supply and Trading Limited	10.5% + LIBOR	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

*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	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables	212,149	102,085	212,149	102,085

Contract assets	5,717	3,313	5,717	3,313
Cash and cash equivalents	295,983	180,786	295,983	180,786
	513,849	286,184	513,849	286,184
Financial assets at fair value				
Derivative financial instruments (Note 20)	-	481	-	481
	-	481	-	481
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	559,159	344,381	553,769	331,384
Trade and other payables*	263,744	178,128	263,744	178,128
	822,903	522,509	817,513	509,512
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	(1,503)	(1,435)	(1,503)	(1,435)
	(1,503)	(1,435)	(1,503)	(1,435)

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.

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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 nine months ended 30 September 2023, revenue from the gas segment of the business constituted 13% (2022: 16%) of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the (chief operating decision maker). As the gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

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

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

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

6.1 Segment profit disclosure

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	N'million	N'million	N'million	N'million
Oil	47,761	21,754	(1,291)	(1,352)
Gas	(833)	12,104	6,188	(262)
Total profit for the period	46,928	33,858	4,897	(1,587)

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
Oil	N'million	N'million	N'million	N'million
Revenue from contract with customers				
Crude oil sales (Note 7)	422,683	223,727	176,777	28,567
Operating profit before depreciation, amortization and impairment	156,940	121,622	48,023	2,712
Depreciation, amortization and impairment	(68,964)	(42,417)	(27,614)	(8,316)
Operating profit	87,976	79,205	20,409	(5,604)
Finance income (Note 13)	3,709	202	1,666	93
Finance costs (Note 13)	(32,077)	(21,420)	(13,249)	(6,527)

Profit/(loss) before taxation	59,608	57,987	8,826	(12,038)
Income tax (expenses)/credit (Note 14)	(11,847)	(36,233)	(10,117)	10,713
Profit for the period	47,761	21,754	(1,291)	(1,325)

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
Gas	₦'million	₦'million	₦'million	₦'million
Revenue from contract with customers				
Gas sales (Note 7)	55,447	34,989	23,019	10,946
Operating profit before depreciation, amortisation and impairment	4,475	20,240	11,181	2,498
Depreciation, amortisation and impairment	(1,130)	(801)	(480)	(270)
Operating profit	3,345	19,439	10,701	2,228
Share of (loss)/profit from joint venture accounted for using equity accounting	(98)	48	(122)	(9)
Profit before taxation	3,247	19,487	10,579	2,219
Income tax expenses - Note 14	(4,080)	(7,383)	(4,391)	(2,481)
(Loss)/profit for the period	(833)	12,104	6,188	(262)

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.

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	9 Months ended 30 Sept 2022	9 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Geographical markets						
The Bahamas	143,908	-	143,908	38,194	-	38,194
Nigeria	36,241	55,447	91,688	31,884	34,989	66,873
Italy	2,634	-	2,634	779	-	779
Switzerland	159,905	-	159,905	146,364	-	146,364
Barbados	13,919	-	13,919	6,506	-	6,506
England	66,076	-	66,076	-	-	-
Revenue from contracts with customers	422,683	55,447	478,130	223,727	34,989	258,716

Timing of revenue recognition

At a point in time	422,683	-	422,683	223,727	-	223,727
Over time	-	55,447	55,447	-	34,989	34,989
Revenue from contracts with customers	422,683	55,447	478,130	223,727	34,989	258,716

	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million

Geographical markets

The Bahamas	66,371	-	66,371	14,029	-	14,029
Nigeria	13,091	23,019	36,110	12,108	10,946	23,054
Italy	362	-	362	4	-	4
Switzerland	81,158	-	81,158	807	-	807
Barbados	6,702	-	6,702	1,619	-	1,619
England	9,093	-	9,093	-	-	-
Revenue from contracts with customers	176,777	23,019	199,796	28,567	10,946	39,513

Timing of revenue recognition

At a point in time	176,777	-	176,777	28,567	-	28,567
Over time	-	23,019	23,019	-	10,946	10,946
Revenue from contracts with customers	176,777	23,109	199,796	28,567	10,946	39,513

The Group's transactions with its major customer, Mercuria, constitutes more than 30% (₦159.9 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 (₦55.4 billion) accounted for the total revenue from the gas segment.

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

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	9 Months ended 30 Sept 2022	9 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment gain/(losses) recognised during the period	701	(1,334)	(633)	(245)	(2,422)	(2,667)
	701	(1,334)	(633)	(245)	(2,422)	(2,667)

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	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment losses recognised during the period	(388)	(702)	(1,090)	(2)	(13)	(15)
	(388)	(702)	(1,090)	(2)	(13)	(15)

6.1.3 Impairment losses on non-financial assets by reportable segments

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	9 Months ended 30 Sept 2022	9 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment losses recognised during the period	-	-	-	(3,532)	-	(3,532)
	-	-	-	(3,532)	-	(3,532)

	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment losses recognised during the period	-	-	-	(20)	-	(20)
	-	-	-	(20)	-	(20)

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
	₦'million	₦'million	₦'million
Total segment assets			
30 September 2023	2,261,994	483,373	2,745,367
31 December 2022	1,279,802	301,810	1,581,612

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6.3 Segment liabilities

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

Total segment liabilities	Oil ₦'million	Gas ₦'million	Total ₦'million
30 September 2023	1,101,854	302,921	1,404,775
31 December 2022	654,939	139,779	794,718

7. Revenue from contracts with customers

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Crude oil sales	422,683	223,727	176,777	28,567
Gas sales	55,447	34,989	23,019	10,946
	478,130	258,716	199,796	39,513

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

8. Cost of sales

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Royalties	83,298	55,298	35,402	10,056
Depletion, depreciation and amortisation	68,964	36,980	27,615	7,684
Crude handling fees	27,547	11,540	10,408	3,078
Nigeria Export Supervision Scheme (NESS) fee	476	308	190	104
Barging and trucking	6,822	3,876	3,314	1,287
Niger Delta Development Commission Levy	4,776	3,724	1,688	1,478
Operational & maintenance expenses	40,631	28,447	16,148	11,390
	232,514	140,173	94,765	35,077

Depletion, depreciation and amortisation increase is due to reduction in the 1P reserves and increase in crude production over the comparative period.

Operational & maintenance expenses relates mainly to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, direct staff costs, fuel supplies and catering services. Also included in operational and maintenance expenses is gas flare penalty of ₦2.6 billion (2022: ₦1.3 billion).

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

Crude handling fees increased due to higher production volumes and costs for additional alternative evacuation routes on AEPP secured by Seplat to minimise outages and Third-party infrastructure downtime.

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For the nine months ended 30 September 2023

9. Other (loss)/income

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
(Overlift)/Underlift	(75,431)	25,209	(45,222)	7,450
(Loss)/gain on foreign exchange	(16,375)	2,815	834	359
Loss on disposal of oil and gas asset	-	(5,467)	-	(30)
Tariffs	1,677	1,469	555	1,167
Others	367	(1,774)	293	(2,253)
	(89,762)	22,279	(43,540)	6,693

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/gain on foreign exchange is principally due to the translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

Tariffs which are 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

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Depreciation	1,734	1,256	870	376
Depreciation of right-of-use assets	1,814	1,431	731	506
Auditor's remuneration	234	218	37	75
Professional and consulting fees	22,042	4,087	7,915	1,669
Directors' emoluments (executive)	1,458	707	644	402
Directors' emoluments (non-executive)	1,708	1,160	520	72
Employee benefits	20,825	12,720	9,164	4,110
Share-based benefits	4,533	1,463	3,463	953
Flights and other travel costs	2,974	4,015	1,409	1,518
Rentals and other general expenses	4,351	6,151	3,412	4,246
	61,673	33,207	28,165	13,927

Professional and consulting fees increase in 2023 was mainly due to professional fees associated with the litigation costs in response to the unprecedented and intense period of minority shareholder actions through the Courts and some costs associated with the MPNU transaction.

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Employee benefits is higher than prior year due to cost-of-living adjustments. Executive director's emoluments include accruals on bonus in current period but were not included in prior period. overall costs on executive remain flat when compared with prior period.

The increase in share-based payment expense in the reporting period in comparison with the comparative figures is due to higher number of share-based payment awarded which expects to vest.

Rentals and other general expenses relate to accruals for rental & other general administrative costs.

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

Entity	Service	PwC office	Fees (₦'000)	Year
Seplat Energy Plc	Remuneration committee advice	PwC UK	162,806	2023
Seplat Energy Plc	Tax return advisory	PwC UK	16,214	2023

11. Impairment loss on assets

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Impairment loss on financial assets-net (Note 11.1)	633	2,667	1,090	15
Impairment loss on non-financial assets-net (Note 11.2)	-	3,552	-	20
	633	6,219	1,090	35

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

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Impairment (losses)/reversal on:				
NNPC receivables	267	-	227	-
NEPL receivables	(496)	-	(68)	-
Trade receivables (Geregu Power, Sapele Power and NGMC)	862	2,372	931	15
Other trade receivables	-	295	-	-
	633	2,667	1,090	15

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11.2 Impairment losses on non-financial assets-net

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Impairment (losses)/reversal on non-financial assets-net	-	3,552	-	20
	-	3,552	-	20

During the period, the Group recognized no impairment loss on non-financial assets (September 2022: ₦3.6 million) for long outstanding line pipes.

12. Fair value loss

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Premium on crude options	(2,316)	(3,158)	(922)	(1,214)
Unrealised fair value gain/(loss) on crude options	89	406	(204)	671
	(2,227)	(2,752)	(1,126)	(543)

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

13. Finance income/(cost)

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Finance income				
Interest income	3,709	202	1,666	93
Finance cost				
Interest on bank loans	(28,616)	(20,587)	(11,773)	(6,242)
Interest on lease liabilities	(135)	(99)	(58)	(38)
Unwinding of discount on provision for decommissioning	(3,327)	(734)	(1,419)	(247)
	(32,078)	(21,420)	(13,250)	(6,527)
Finance (cost) – net	(28,369)	(21,218)	(11,584)	(6,434)

Finance income represents interest on short-term fixed deposits.

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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 annual tax rate used for the nine months ended 30 September 2023 is 85% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 25% (2022: 60%).

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

Income tax expense

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 months ended 30 Sept 2023	3 months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Current tax:				
Current tax expense on profit for the year	26,488	10,731	13,323	(1,749)
Education tax	5,299	2,110	2,557	(382)
NASENI Levy	224	179	91	11
Police Levy	3	4	1	-
Total current tax	32,014	13,024	15,972	(2,119)
Deferred tax:				
Deferred tax (credit)/expense in profit or loss (Note 14.1)	(16,088)	30,592	(1,465)	(6,113)
Total tax expense/(credit) in profit or loss	15,926	43,616	14,507	(8,232)
Effective tax rate	25%	56%	22%	84%

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	Exchange difference	Balance as at 30 September 2023
	₦ million	₦ million	₦ million	₦ million
Deferred tax assets (Note 14.2)	205,107	45,775	155,075	405,957
Deferred tax liabilities (Note 14.3)	(126,664)	(29,687)	(96,169)	(252,520)

In line with IAS 12, the Group does not qualify to offset its deferred tax assets against its deferred tax liabilities as some of the entities within the Group operate in different jurisdiction.

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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	Exchange difference	Balance at 30 September 2023
	₦ million	₦ million	N million	₦ million
Tax losses	9,941	(13,118)	3,177	-
Other cumulative timing differences:				
Accelerated capital deduction	96,118	49,227	80,530	225,875
Other temporary differences:				
Provision for abandonment	12,632	2,888	9,570	25,089
Provision for gratuity	11,158	3,243	8,648	23,049
Provision for defined benefit	2,717	1,225	2,231	6,173
Unrealised foreign exchange loss	11,619	(18,249)	2,888	(3,742)
Overlift	23,370	23,185	22,753	69,308
Impairment provision on trade and other receivables	37,389	(2,410)	25,226	60,205
Leases	163	(215)	52	-
	205,107	45,775	155,075	405,957

A significant part of the deferred tax asset balance, ₦226 billion, is from Elcrest's unutilized capital allowances.

Elcrest's statutory tax rate has now moved from the new entrant rate of 65.75% enjoyed for the first 5 tax years to the standard tax rate of 85% effective this year. This has been reflected in the deferred tax asset balance brought forward from prior years at 65.75% but now to be recovered going forward at 85%. This is the main driver of the significant deferred tax credit in the entity for the period.

In addition to the accelerated capital deduction, other key items impacting the deferred tax position for the period are foreign exchange differences across all entities and the movement in underlift/overlift. The recent revision of the currency exchange rates resulted in foreign exchange differences due to the revaluation of the cash, payable, and receivable balances across all entities. The net impact of the forex differences in each entity is either an unrealized gain or an unrealized loss, giving rise to deferred tax liability or deferred tax asset respectively.

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 30 September 2023
	₦ million	₦ million	₦ million	₦ million
Other cumulative timing differences:				
Property, plant & equipment	(113,801)	(65,797)	(97,473)	(277,071)
Leases	(154)	(363)	(209)	(726)

Underlift	(4,615)	39,149	7,879	42,413
Unrealised foreign exchange loss	(8,094)	(2,676)	(6,366)	(17,136)
	(126,664)	(29,687)	(96,169)	(252,520)

15. Oil & Gas properties

During the nine months ended 30 September 2023, the Group invested ₦72.4 billion (Dec 2022: ₦67.3 billion) on additions to oil and gas properties.

16. Intangible assets

Cost	License	Total
	₦ million	₦ million
At 1 January 2023	70,588	70,588
Exchange difference	48,911	48,911
At 30 September 2023	119,499	119,499
Amortisation		
At 1 January 2023	14,958	14,958
Charge for the period	2,147	2,147
Exchange difference	10,972	10,972
At 30 September 2023	28,077	28,077
NBV		
At 30 September 2023	91,422	91,422
At 31 December 2022	55,630	55,630

17. Investment accounted for using equity accounting method

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Investment in joint venture	167,844	99,219
	167,844	99,219

The revised shareholders agreement between the Group and Nigerian Gas Processing and Transportation Company (NGPTC) requires both parties to have equal shareholding in ANOH. With the change in the ownership structure, the Group has reassessed its retained interest in ANOH and determined that it has joint control. The Group's interest in ANOH is accounted for in the consolidated financial statements using the equity method because the Group interest in ANOH (Joint venture) is assessed to be a joint venture.

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18. Trade and other receivables

	30 Sept 2023	31 Dec 2022
	₦ million	₦ million
Trade receivables (Note 18.1)	70,527	19,480
Nigerian National Petroleum Corporation Exploration Limited (NEPL) (Note 18.2)	81,989	40,386
Nigerian National Petroleum Corporation Limited (NNPCL) receivables (Note 18.3)	24,006	15,411
Underlift	-	7,018
Other receivables (Note 18.4)	30,265	21,752
Advances to suppliers	8,379	7,657
Receivables from ANOH (Note 18.5)	5,362	5,056
Advances for new business (Note 18.6)	97,117	57,367
	317,645	174,127

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of ₦9.8 billion (Dec 2022: ₦8.7 billion), Sapele Power ₦4.9 billion (2022: ₦2.7 billion), MSN Energy 3.2 billion (Dec 2022: ₦1.7 billion) and Nigerian Gas Marketing Company ₦1.1 billion (Dec 2022: ₦0.2 billion) totalling ₦19 billion (Dec 2022: ₦13.3 billion) with respect to the sales of gas. Also included in trade receivables is ₦4.9 billion (Dec 2022: ₦5.7 billion) due from Waltersmith for sales of crude, Chevron ₦18.5 billion (Dec 2022: nil), Pillar ₦0.03 billion (Dec 2022: ₦0.1 billion), Shell Western ₦15.4 billion (Dec 2022: nil), Mercuria ₦8 billion (Dec 2022: nil), and ₦16.8 billion, (Dec 2022: ₦11.4 billion) from other crude injectors.

Reconciliation of trade receivables

	30 Sept 2023	31 Dec 2022
	₦ million	₦ million
Balance as at 1 January	30,462	34,698
Additions during the period	571,450	368,983
Receipts for the period	(410,075)	(357,032)
Exchange difference	(109,642)	(16,187)
Gross carrying amount	82,195	30,462
Less: impairment allowance	(11,668)	(10,982)
Balance as at the end of the period	70,527	19,480

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Reconciliation of impairment allowance on trade receivables

	30 Sept 2023	31 Dec 2022
	₦ million	₦ million
Loss allowance as at 1 January	10,982	8,775
Increase in loss allowance during the period	862	1,383
Translation impact*	(6,258)	-
Exchange difference	6,082	824
Loss allowance as at the end of the period	11,668	10,982

*Translation impact relates to remeasurement of ECL on receivables denominated in Naira.

18.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is ₦83.8 billion (Dec 2022: ₦41.9 billion).

Reconciliation of NEPL receivables

	30 Sept 2023	31 Dec 2022
	₦ million	₦ million
Balance as at 1 January	41,853	39,514
Additions during the period	174,379	115,181
Receipts for the period	(127,258)	(110,303)
Exchange difference	(5,139)	(2,539)
Gross carrying amount	83,835	41,853
Less: impairment allowance	(1,846)	(1,467)
Balance as at the end of the period	81,989	40,386

Reconciliation of impairment allowance on NEPL receivables

	30 Sept 2023	31 Dec 2022
	₦ million	₦ million
Loss allowance as at 1 January	1,467	4,943
(Decrease)/increase in loss allowance during the period	(496)	(3,700)
Exchange difference	875	224
Loss allowance as at the end of the period	1,846	1,467

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

18.3 NNPC LTD receivables

Reconciliation of NNPC LTD receivables

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Balance as at 1 January	15,791	10,819
Additions during the period	26,090	29,249
Receipts for the period	(16,311)	(23,920)
Exchange difference	(859)	(357)
Gross carrying amount	24,711	15,791
Less: impairment allowance	(705)	(380)
Balance as at the end of the period	24,006	15,411

Reconciliation of impairment allowance on NNPC LTD receivables

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Loss allowance as at 1 January	380	665
Increase/(decrease) in loss allowance during the period	267	(325)
Exchange difference	58	40
Loss allowance as at the end of the period	705	380

18.4 Other receivables

Reconciliation of other receivables

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Balance as at 1 January	47,364	21,632
Additions during the period	12,277	43,326
Receipts for the period	(12,286)	(18,454)
Exchange difference	24,242	861
Gross carrying amount	71,597	47,364
Less: impairment allowance	(41,332)	(25,612)
Balance as at the end of the period	30,265	21,752

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

Reconciliation of impairment allowance on other receivables

	30 Sept 2023	31 Dec 2022
	₦'million	
Loss allowance as at 1 January	25,612	18,668
Increase in loss allowance during the period	-	5,076
Translation impact*	(1,579)	-
Exchange difference	17,299	1,868
Loss allowance as at the end of the period	41,332	25,612

*Translation impact relates to remeasurement of ECL on receivables denominated in Naira.

Other receivables include sundry receivables, WHT receivables, staff receivables, NGC VAT receivables, Oghareki CHC receivables and deposit for ₦9 billion divestment.

18.5 Receivables from Joint Venture (ANOH)

	30 Sept 2023	31 Dec 2022
	₦'million	
Balance as at 1 January	5,188	5,259
Additions during the period	776	610
Receipts for the period	(660)	(1,072)
Exchange difference	282	391
Gross carrying amount	5,586	5,188
Less: impairment allowance	(224)	(132)
Balance as at the end of the period	5,362	5,056

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

	30 Sept 2023	31 Dec 2022
	₦'million	
Loss allowance as at 1 January	132	-
Increase in loss allowance during the period	-	126
Exchange difference	92	6
Loss allowance as at the end of the period	224	132

18.6 Advances for New Business

Advances for new business include deposit for investment of ₦97.1 billion (Dec 2022: ₦57.4 billion) towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

19. Contract assets

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Revenue on gas sales (Note 19.1)	5,889	3,493
Impairment loss on contract asset	(172)	(180)
	5,717	3,313

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 four 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 crystallises. 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:

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Balance as at 1 January	3,493	1,679
Addition during the period	93,858	38,216
Amount billed during the period	(93,876)	(36,631)
Exchange difference	2,414	229
Gross revenue on gas sales	5,889	3,493
Impairment	(172)	(180)
Balance as at the end of the period	5,717	3,313

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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Crude oil options - Liability	(1,503)	(1,435)
Crude oil options - Asset	-	481

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.

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Cash on hand	703	30
Short-term fixed deposits	100,029	22,906
Cash at bank	195,437	157,960
Gross cash and cash equivalent	296,169	180,896
Loss allowance	(186)	(110)
Net cash and cash equivalents	295,983	180,786

21.1 Reconciliation of impairment allowance on cash and cash equivalents

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Loss allowance as at 1 January	110	101
Exchange difference	76	9
Loss allowance as at the end of the period	186	110

21.2 Restricted cash

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Restricted cash	16,022	10,706
	16,022	10,706

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

21.3 Movement in restricted cash

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Increase/(decrease) in restricted cash	1,639	(3,359)
Exchange difference	3,677	(744)
	5,316	(4,103)

Included in the restricted cash balance is ₦6.1 billion and ₦8.6 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 ₦0.6 billion for unclaimed dividend.

A garnishee order of ₦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

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Authorised ordinary share capital		
588,444,561 issued shares denominated in Naira of 50 kobo per share	300	297
Issued and fully paid		
588,444,561 (Dec 2022: 588,444,561) issued shares denominated in Naira of 50 kobo per share	300	297

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	-	-	-	4,533	-	4,533
Vested shares	-	3	903	(906)	-	-
Closing balance as at 30 September 2023	588,444,561	300	92,220	9,563	(2,025)	100,058

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

22.3 Employee share-based payment scheme

As at 30 September 2023, the Group had awarded 117,631,260 shares (Dec 2022: 94,038,312 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the nine months ended 30 September 2023, 10,828,156 shares were vested (Dec 2022: 4,719,809 shares).

22.4 Treasury shares

This relates to Share re-purchase 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. Interest bearing loans and borrowings

22.5 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 September 2023:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2023	33,232	311,149	344,381
Interest accrued	28,616	-	28,616
Interest capitalized	5,032	-	5,032
Principal repayment	(12,980)	-	(12,980)
Interest repayment	(34,278)	-	(34,278)
Other financing charges *	(5,008)	-	(5,008)
Transfers	27,206	(27,206)	-
Exchange differences	25,454	207,904	233,358
Carrying amount as at 30 September 2023	67,274	491,847	559,121

*Other financing charges relates to commitment fee on undrawn portion of for the \$350 million revolving credit facility and the \$50 million junior facilities.

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
	₦ million	₦ million	₦ million
Balance as at 1 January 2022	24,988	290,803	315,791
Interest accrued	27,761	-	27,761
Interest capitalized	5,943	-	5,943
Interest repayment	(26,857)	-	(26,857)
Other financing charges	(5,325)	-	(5,325)
Transfers	4,274	(4,274)	-
Exchange differences	2,448	24,620	27,068
Carrying amount as at 31 December 2022	33,232	311,149	344,381

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

22.6 Amortised cost of borrowings

	30 Sept 2023	31 Dec 2022
	₦'million	₦'million
Senior loan notes	485,231	298,133
Revolving loan facilities	7,249	3,655
Reserve based lending (RBL) facility	66,642	42,593
	559,121	344,381

\$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 ₦485 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 LIBOR plus 8%, as long as more than 50% of the available facility is drawn. This has been amended over time.

On 4 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 ₦5.9 billion using an effective interest rate of 13.21%. The interest paid was determined using LIBOR rate + 8 % on the last business day of the reporting period.

On 17 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).

Notes to the interim condensed consolidated financial statements

For the half year ended 30 June 2023

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 ₦66.6 billion (Dec 2022: ₦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, there was a principal repayment of \$11 million on this facility. The amortised cost for this as at the reporting period is ₦7.2 billion.

\$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 of 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, which has now been achieved. The pricing is in line with the existing RCF pricing, although it reflects a change in the base rate from LIBOR plus the applicable credit adjustment spread.

23. Trade and other payables

	30 Sept 2023	31 Dec 2022
	₦ million	₦ million
Trade payable	109,070	48,582
Accruals and other payables	114,912	96,112
NDDC levy	3,119	2,685
Royalties payable	36,643	30,749
Deferred revenue	24	-
Overlift payable	131,436	27,494
	395,204	205,622

Included in accruals and other payables are field accruals of ₦30.7 billion (Dec 2022: ₦38 billion), deferred revenue of ₦0.02 billion and other vendor payables of ₦28.4 billion (Dec 2022: ₦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.

Notes to the interim condensed consolidated financial statements

For the half year ended 30 June 2023

24. Computation of cash generated from operations

		9 months ended 30 Sept 2023	9 months ended 30 Sept 2022
	Notes	₦ million	₦ million
Profit before tax		62,854	77,474
Adjusted for:			
Depletion, depreciation and amortization		70,698	38,235
Depreciation of right-of-use asset		1,814	1,431
Impairment losses on financial assets	11.1	633	2,667
Impairment losses on non-financial assets		-	3,552
Loss on disposal of oil and gas asset		-	5,467
Interest income	13	(3,709)	(202)
Interest expense on bank loans	13	28,616	20,587
Interest on lease liabilities	13	135	99
Unwinding of discount on provision for decommissioning	13	3,327	734
Unrealised fair value (gain)/loss on derivatives financial instrument	12	(89)	(406)
Realised fair value loss on derivatives	12	2,316	3,158
Unrealised foreign exchange loss/(gain)	9	16,375	(2,815)
Share based payment expenses		4,533	1,463
Defined benefit expenses		1,365	1,272
Share of profit/loss in joint venture		98	(48)
Changes in working capital: (excluding the effects of exchange differences)			
Trade and other receivables		(18,619)	(26,766)
Inventories		(297)	5,929
Prepayments		7,075	(1,153)
Contract assets		(86)	(241)
Trade and other payables		36,712	24,211
Restricted cash		1,639	(688)
Net cash from operating activities		215,390	153,960

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

25. 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.

	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Profit/(loss) attributable to Equity holders of the parent	23,879	34,634	1,751	650
Profit attributable to Non-controlling interests	23,049	(776)	3,146	(2,237)
Profit for the period	46,928	33,858	4,897	(1,587)
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,446	584,036	-	584,036
Outstanding share-based payments (shares)	1	2,801	-	2,801
Weighted average number of ordinary shares adjusted for the effect of dilution	588,447	586,837	-	586,837
	₦	₦	₦	₦
Basic earnings per share for the period				
Basic earnings/(loss) per share	40.58	59.30	2.98	1.11
Diluted earnings/(loss) per share	40.58	59.02	2.98	1.11
Profit/(loss) used in determining basic/diluted earnings per share	23,879	34,634	1,751	650

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.

26. Proposed dividend

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

27. 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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

The goods and services provided by the related parties are disclosed below.

a) 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 did not provide any consulting services to Seplat during the period (Dec 2022: ₦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 ₦444 million (Dec 2022: ₦651.3 million).

b) Entities controlled by Directors of the Company

Ubosi Eleh and Company (controlled by Director Ernest Ebi): The Company did not provide any leasehold property to Seplat during the period (Dec 2022: ₦24 million).

28. Commitments and contingencies

28.1 Contingent liabilities

The Group is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the nine months ended 30 September 2023 is ₦198 million (Dec 2022: ₦5.1 billion). 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.

29. Reclassification

Certain comparative figures in note 10 have been reclassified in line with the current period's presentation.

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 30 September 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	30 Sept 2023	30 Sept 2022	31 Dec 2022
		N/\$	N/\$	N/\$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical	Historical
Property, plant & equipment – additions	Average rate	590.02	418.23	424.37
Property, plant & equipment - closing balances	Closing rate	756.96	447.13	447.13
Current and non-current assets	Closing rate	756.96	447.13	447.13
Current and non-current liabilities	Closing rate	756.96	447.13	447.13
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	Overall Average rate	590.02	418.23	424.37

Unaudited interim condensed consolidated financial statements for the nine months ended 30 September 2023

30 October 2023

Reliable energy,
limitless potential

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

For the nine months ended 30 September 2023

		9 months ended 30 Sept 2023 Unaudited	9 months ended 30 Sept 2022 Unaudited	3 Months ended 30 Sept 2023 Unaudited	3 Months ended 30 Sept 2022 Unaudited
	Notes	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	7	810,367	618,603	263,351	91,572
Cost of sales	8	(394,075)	(335,164)	(123,371)	(82,476)
Gross profit		416,292	283,439	139,980	9,096
Other (loss)/income	9	(152,136)	53,272	(61,294)	15,801
General and administrative expenses	10	(104,526)	(79,403)	(38,677)	(33,042)
Impairment loss on financial assets	11.1	(1,073)	(6,377)	(1,971)	-
Impairment loss on non-financial assets	11.2	-	(8,492)	-	-
Fair value loss	12	(3,776)	(6,580)	(1,612)	(1,271)
Operating profit/(loss)		154,781	235,859	36,426	(9,416)
Finance income	13	6,287	483	2,271	221
Finance cost	13	(54,366)	(51,217)	(17,362)	(15,410)
Finance cost-net		(48,079)	(50,734)	(15,091)	(15,189)
Share of (loss)/profit from joint venture accounted for using the equity method		(166)	114	(213)	(22)
Profit/(loss) before taxation		106,536	185,239	21,122	(24,627)
Income tax (expense)/credit	14	(26,991)	(111,362)	(24,203)	15,203
Profit/(loss) for the period		79,545	73,877	(3,081)	(9,424)
Attributable to:					
Equity holders of the parent		40,480	75,733	(3,031)	(4,055)
Non-controlling interests		39,065	(1,856)	(50)	(5,369)
		79,545	73,877	(3,081)	(9,424)
Earnings per share for the period					
Basic earnings/(loss) per share \$	26	0.07	0.13	(0.01)	(0.01)
Diluted earnings/(loss) per share \$	26	0.07	0.13	(0.01)	(0.01)

Interim consolidated statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2023

	Notes	9 months ended 30 Sept 2023 Unaudited \$'000	9 months ended 30 Sept 2022 Unaudited \$'000	3 Months ended 30 Sept 2023 Unaudited \$'000	3 Months ended 30 Sept 2022 Unaudited \$'000
Profit/(loss) for the period		79,545	73,877	(3,081)	(9,424)
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		-	(1,251)	-	-
Total comprehensive income for the period (net of tax)		79,545	72,626	(3,081)	(9,424)
Attributable to:					
Equity holders of the parent		40,480	74,482	(3,031)	(4,055)
Non-controlling interests		39,065	(1,856)	(50)	(5,369)
		79,545	72,626	(3,081)	(9,424)

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

Interim condensed consolidated statement of financial position

As at 30 September 2023

		30 Sept 2023 Unaudited	31 Dec 2022 Audited
	Notes	\$'000	\$'000
Assets			
Non-current assets			
Oil & gas properties		1,673,509	1,657,993
Other property, plant and equipment		28,004	27,775
Right-of-use assets		2,797	4,415
Intangible assets	16	120,776	124,415
Other assets		101,711	101,711
Investments accounted for using equity accounting	17	221,736	221,902
Prepayments		42,314	57,486
Deferred tax assets	14.2	536,301	458,718
Total non-current assets		2,727,148	2,654,415
Current assets			
Inventories		55,909	55,406
Trade and other receivables	18	419,633	389,431
Prepayments		4,422	1,242
Derivative financial instruments	20	-	1,075
Contract assets	19	7,553	7,408
Restricted cash	21.2	21,166	23,944
Cash and cash equivalents	21	391,011	404,336
Total current assets		899,694	882,842
Total assets		3,626,842	3,537,257
Equity and Liabilities			
Equity			
Issued share capital	22	1,869	1,864
Share premium	22	523,758	522,227
Share based payment reserve	22	31,039	24,893
Treasury shares		(4,915)	(4,915)
Capital contribution		40,000	40,000
Retained earnings		1,154,093	1,189,697
Foreign currency translation reserve		2,622	2,622
Non-controlling interest		22,560	(16,505)
Total shareholders' equity		1,771,026	1,759,883
Non-current liabilities			
Interest-bearing loans and borrowings	23	649,771	695,881
Provision for decommissioning obligations		199,474	193,836
Deferred tax liabilities	14.3	333,598	283,282
Defined benefit plan		8,750	6,437
Total non-current liabilities		1,191,593	1,179,436
Current liabilities			
Interest-bearing loans and borrowings	23	88,875	74,322
Lease Liabilities		1,286	4,025
Derivative financial instruments	20	1,985	3,210
Trade and other payables	24	522,091	459,869
Current tax liabilities		49,986	56,512
Total current liabilities		664,223	597,938
Total liabilities		1,855,816	1,777,374
Total shareholders' equity and liabilities		3,626,842	3,537,257

Unaudited interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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 the nine months ended 30 September 2023 were authorised for issue in accordance with a resolution of the Directors on 30 October 2023 and were signed on its behalf by:



B. Omiyi

FRC/2016/IODN/00000014093

Chairman

30 October 2023



R.T. Brown

FRC/2014/PRO/DIR/003/00000017939

Chief Executive Officer

30 October 2023



E. Onwuka

FRC/2020/PRO/ICAN/006/00000020861

Chief Financial Officer

30 October 2023

Interim condensed consolidated statement of changes in equity

For the nine months ended 30 September 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
	\$'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 for the period	-	-	-	-	-	75,733	-	(1,856)	73,877
Other comprehensive loss	-	-	-	-	-	-	(1,251)	-	(1,251)
Total comprehensive income/(loss) for the period	-	-	-	-	-	75,733	(1,251)	(1,856)	72,626
Transactions with owners in their capacity as owners:									
Dividends	-	-	-	-	-	(44,133)	-	-	(44,133)
Share based payments (Note 22)	-	-	3,498	-	-	-	-	-	3,498
Total	-	-	3,498	-	-	(44,133)	-	-	(40,635)
At 30 September 2022 (unaudited)	1,862	520,138	25,688	(4,915)	40,000	1,216,682	682	(60,660)	1,739,477
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 period	-	-	-	-	-	40,480	-	39,065	79,545
Total comprehensive income for the period	-	-	-	-	-	40,480	-	39,065	79,545
Dividend paid	-	-	-	-	-	(76,084)	-	-	(76,084)
Share based payments (Note 22)	-	-	7,682	-	-	-	-	-	7,682
Vested shares (Note 22)	5	1,531	(1,536)	-	-	-	-	-	-
Total	5	1,531	6,146	-	-	(76,084)	-	-	(68,402)
At 30 September 2023 (unaudited)	1,869	532,758	31,039	(4,915)	40,000	1,154,093	2,622	22,560	1,771,026

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

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2023

		9 months ended 30 Sept 2023 Unaudited	9 months ended 30 Sept 2022 Unaudited
	Notes	\$'000	\$'000
Cash flows from operating activities			
Cash generated from operations	25	365,066	368,120
Tax paid		(60,518)	(43,131)
Contribution to plan assets		(4,336)	-
Hedge premium paid		(3,926)	(7,550)
Net cash inflows from operating activities		296,286	317,439
Cash flows from investing activities			
Payment for acquisition of oil and gas properties	15	(122,683)	(110,260)
Payment for acquisition of other property, plant and equipment		(2,710)	(1,606)
Deposit for investment		-	(140,300)
Proceeds from disposal of oil and gas properties		8,701	7,905
Proceeds from disposal of other property plant and equipment		-	19
Receipt from other assets*		-	10,840
Interest received	13	6,287	483
Net cash outflows from investing activities		(110,405)	(232,919)
Cash flows from financing activities			
Repayments of loans and borrowings		(22,000)	-
Dividend paid		(76,084)	(44,133)
Interest paid on lease liability	13	(228)	(236)
lease payments- principal portion		(3,717)	(302)
Payments for other financing charges**		(8,488)	(7,058)
Interest paid on loans and borrowings		(58,097)	(59,189)
Net cash outflows from financing activities		(168,614)	(110,918)
Net increase in cash and cash equivalents		17,267	(26,399)
Cash and cash equivalents at beginning of the period		404,336	324,490
Effects of exchange rate changes on cash and cash equivalents		(30,592)	6,732
Cash and cash equivalents at end of the period	21	391,011	304,823

*Receipt from other assets relates to proceeds from financial interest from OML 55.

**Other financing charges of \$8.5 million relate to commitment fees incurred on undrawn portion of interest bearing loans and borrowings (\$350 million Revolving Credit Facility and \$50 million Junior Facility).

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

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 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 & 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 & 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 Nigeria 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 & Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group. (See details in Note 4.1.iv) 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 & 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

*Destination Natural Resources Limited was liquidated on 6 April 2020.

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 September 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 nine months ended 30 September 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 United States Dollars, and all values are rounded to the nearest thousand (\$'000), 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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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 statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

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 amendment has been applied as required in the Group's interim condensed 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.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 - Effective for annual periods beginning on or after 1 January 2024.

3.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2023.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2022.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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 the US Dollars.

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.

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:

a) 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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

b) 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.

c) 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.

d) 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.

e) Revenue recognition

Performance obligations

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

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

Significant financing component

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

- a) The difference, if any, between the amount of promised consideration and cash selling price and;
- b) The combined effect of both the following:
 - The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received and;
 - The prevailing interest rate in the relevant market.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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:

a) 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.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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,

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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.

g) 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.

h) 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.

i) Intangible assets

The contract based intangible assets (license) 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).

c) 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.

d) 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.

ii. Significant unobservable inputs

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

	Effect on profit before tax 30 Sept 2023	Effect on other components of equity before tax 30 Sept 2023
	\$'000	\$'000
+10%	(286)	-
-10%	298	-

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022
	\$'000	\$'000
+10%	(902)	-
-10%	902	-

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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 30 Sept 2023	Effect on other components of equity before tax 30 Sept 2023
	\$'000	\$'000
+10%	(217)	-
-10%	243	-

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022
	\$'000	\$'000
+10%	(852)	-
-10%	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 30 Sept 2023	Effect on other components of equity before tax 30 Sept 2023
	\$'000	\$'000
+10%	(217)	-
-10%	243	-

	Effect on profit before tax 31 Dec 2022	Effect on other components of equity before tax 31 Dec 2022
	\$'000	\$'000
+10%	(252)	-
-10%	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

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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
	%	\$'000	\$'000	\$'000	\$'000	\$'000
30 September 2023						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	-	51,215	51,075	675,607	777,897
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + LIBOR	17,140	15,316	4,098	-	36,554
The Stanbic IBTC Bank Plc	8.00% + LIBOR	17,497	15,635	4,184	-	37,316
The Standard Bank of South Africa Limited	8.00% + LIBOR	9,998	8,934	2,391	-	21,323
First City Monument Bank Limited	8.00% + LIBOR	4,463	3,988	1,067	-	9,518
Shell Western Supply and Trading Limited	10.5% + LIBOR	1,767	1,762	1,762	11,879	17,170
Total variable interest borrowings		50,865	45,635	13,502	11,879	121,881
Other non – derivatives						
Trade and other payables*		522,091	-	-	-	522,091
Lease liability		1,286	-	-	-	1,286
		523,377	-	-	-	523,377
Total		574,242	96,850	64,577	687,486	1,423,155
	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	25,887	51,075	51,215	726,682	854,859

Variable interest rate borrowings

The Mauritius Commercial Bank Ltd	8.00% + LIBOR	12,181	16,825	15,156	4,076	48,238
The Stanbic IBTC Bank Plc	8.00% + LIBOR	12,434	17,176	15,472	4,161	49,243
The Standard Bank of South Africa Limited	8.00% + LIBOR	7,105	9,815	8,841	2,378	28,139
First City Monument Bank Limited	8.00% + LIBOR	3,172	4,382	3,947	1,062	12,563
Shell Western Supply and Trading Limited	10.5% + LIBOR	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	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost				
Trade and other receivables	280,264	228,312	280,264	228,312
Contract assets	7,553	7,408	7,553	7,408
Cash and cash equivalents	391,011	404,336	391,011	404,336
	678,828	640,056	678,838	640,056
Financial assets at fair value				
Derivative financial instruments (Note 20)	-	1,075	-	1,075
	-	1,075	-	1,075
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	738,646	770,203	731,575	741,137
Trade and other payables*	348,421	398,380	348,421	398,380
	1,087,067	1,168,583	1,079,996	1,139,517
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	(1,985)	(3,210)	(1,985)	(3,210)
	(1,985)	(3,210)	(1,985)	(3,210)

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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 nine months ended 30 September 2023, revenue from the gas segment of the business constituted 12% (2022: 14%) 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

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Oil	82,872	44,936	(14,829)	(8,635)
Gas	(3,327)	28,941	11,748	(789)
Total profit/(loss) for the period	79,545	73,877	(3,081)	(9,424)

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
Oil	\$'000	\$'000	\$'000	\$'000
Revenue from contract with customers				
Crude oil sales (Note 7)	716,391	534,942	233,106	65,718
Operating profit before depreciation, amortization and impairment	267,909	290,799	52,561	4,914
Depreciation, amortization and impairment	(116,884)	(101,420)	(35,619)	(19,430)
Operating profit	151,025	189,379	16,942	(14,516)
Finance income (Note 13)	6,287	483	2,271	221
Finance costs (Note 13)	(54,366)	(51,217)	(17,362)	(15,410)
Profit/(loss) before taxation	102,946	138,645	1,851	(29,705)
Income tax (expenses)/credit (Note 14)	(20,074)	(93,709)	(16,680)	21,070
Profit/(loss) for the period	82,872	44,936	(14,829)	(8,635)

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
Gas	\$'000	\$'000	\$'000	\$'000
Revenue from contract with customers				
Gas sales (Note 7)	93,976	83,661	30,245	25,854
Operating profit before depreciation, amortisation and impairment	5,671	48,395	20,122	5,738
Depreciation, amortisation and impairment	(1,915)	(1,915)	(638)	(638)
Operating profit	3,756	46,480	19,484	5,100
Share of (loss)/profit from joint venture accounted for using equity accounting	(166)	114	(213)	(22)
Profit before taxation	3,590	46,594	19,271	5,078
Income tax expenses - Note 14	(6,917)	(17,653)	(7,523)	(5,867)
(Loss)/profit for the period	(3,327)	28,941	11,748	(789)

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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.

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2023	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical markets						
The Bahamas	243,905	-	243,905	91,323	-	91,323
Nigeria	61,424	93,976	155,400	76,235	83,661	159,896
Italy	4,465	-	4,465	1,863	-	1,863
Switzerland	271,016	-	271,016	349,963	-	349,963
Barbados	23,591	-	23,591	15,558	-	15,558
England	111,990	-	111,990	-	-	-
Revenue from contracts with customers	716,391	93,976	810,367	534,942	83,661	618,603
Timing of revenue recognition						
At a point in time	716,391	-	716,391	534,942	-	534,942
Over time	-	93,976	93,976	-	83,661	83,661
Revenue from contracts with customers	716,391	93,976	810,367	534,942	83,661	618,603
	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical markets						
The Bahamas	91,520	-	91,520	33,222	-	33,222
Nigeria	15,926	30,245	46,171	28,689	25,854	54,543
Italy	-	-	-	-	-	-
Switzerland	116,253	-	116,253	-	-	-
Barbados	9,407	-	9,407	3,807	-	3,807
England	-	-	-	-	-	-

Revenue from contracts with customers	233,106	30,245	263,351	65,718	25,854	91,572
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Timing of revenue recognition

At a point in time	233,106	-	233,106	65,718	-	65,718
Over time		30,245	30,245	-	25,854	25,854

Revenue from contracts with customers	233,106	30,245	263,351	65,718	25,854	91,572
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The Group's transactions with its major customer, Mercuria, constitutes more than 30% (\$271 million) 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 (\$94 million) accounted for the total revenue from the gas segment.

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

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2023	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Impairment gain/(losses) recognised during the period	1,188	(2,261)	(1,073)	(586)	(5,791)	(6,377)
	1,188	(2,261)	(1,073)	(586)	(5,791)	(6,377)

	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Impairment gain/(losses) recognised during the period	(953)	(1,018)	(1,971)	-	-	-
	(953)	(1,018)	(1,971)	-	-	-

6.1.3 Impairment losses on non-financial assets by reportable segments

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2023	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Impairment losses recognised during the period	-	-	-	(8,492)	-	(8,492)
	-	-	-	(8,492)	-	(8,492)

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	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022
	Oil	Gas	Total	Oil	Gas	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Impairment losses recognised during the period	-	-	-	-	-	-
	-	-	-	-	-	-

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
	\$'000	\$'000	\$'000
Total segment assets			
30 September 2023	2,988,266	638,576	3,626,842
31 December 2022	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
	\$'000	\$'000	\$'000
Total segment liabilities			
30 September 2023	1,455,632	400,184	1,855,816
31 December 2022	1,464,761	312,613	1,777,374

7. Revenue from contracts with customers

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Crude oil sales	716,391	534,942	233,106	65,718
Gas sales	93,976	83,661	30,245	25,854
	810,367	618,603	263,351	91,572

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

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8. Cost of sales

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Royalties	141,179	132,220	47,049	23,446
Depletion, depreciation and amortisation	116,884	88,420	35,619	17,983
Crude handling fees	46,689	27,593	13,005	7,249
Nigeria Export Supervision Scheme (NESS) fee	806	737	243	246
Barging and trucking	11,563	9,268	4,669	3,042
Niger Delta Development Commission Levy	8,094	8,904	2,026	3,504
Operational & maintenance expenses	68,860	68,022	20,760	27,006
	394,075	335,164	123,371	82,476

Depletion, depreciation and amortisation increase is due to a reduction in the 1P reserves and increase in crude production over the comparative period.

Operational & maintenance expenses relates mainly to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, direct staff costs, fuel supplies and catering services. Also included in operational and maintenance expenses is gas flare penalty of \$4.4million (2022: \$4 million).

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

Crude handling fees increased due to higher production volumes and costs for additional alternative evacuation routes on AEPP secured by Seplat to minimise outages and Third-party infrastructure downtime.

9. Other (loss)/income

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
(Overlift)/Underlift	(127,846)	60,277	(68,476)	17,579
(Loss)/gain on foreign exchange	(27,754)	6,732	6,069	827
Loss on disposal of oil and gas asset	-	(13,073)	-	-
Tariffs	2,842	3,578	636	2,787
Others	622	(4,242)	477	(5,392)
	(152,136)	53,272	(61,294)	15,801

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/gain on foreign exchange is principally due to the translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

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Tariffs which are 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

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Depreciation	2,941	3,002	1,244	889
Depreciation of right-of-use assets	3,074	3,421	945	1,196
Auditor's remuneration	397	521	10	176
Professional and consulting fees	37,359	9,771	9,595	3,959
Directors' emoluments (executive)	2,471	1,690	872	956
Directors' emoluments (non-executive)	2,894	2,774	559	159
Employee benefits	35,293	30,415	12,375	9,706
Share-based benefits	7,682	3,498	5,578	2,271
Flights and other travel costs	5,040	9,600	1,965	3,601
Rentals and other general expenses	7,375	14,711	5,534	10,129
	104,526	79,403	38,677	33,042

Professional and consulting fees increase in 2023 was mainly due to professional fees associated with the litigation costs in response to the unprecedented and intense period of minority shareholder actions through the Courts and some costs associated with the MPNU transaction.

Employee benefits is higher than prior year due to cost-of-living adjustments. Executive director's emoluments include accruals on bonus in current period but were not included in prior period. overall costs on executive remain flat when compared with prior period.

The increase in share-based payment expense in the reporting period in comparison with the comparative figures is due to higher number of share-based payment awarded which expects to vest.

Rentals and other general expenses relate to accruals for rental & other general administrative costs.

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

Entity	Service	PwC office	Fees (\$)	Year
Seplat Energy Plc	Remuneration committee advice	PwC UK	319,966	2023
Seplat Energy Plc	Tax return advisory	PwC UK	31,866	2023

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11. Impairment loss on assets

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Impairment loss on financial assets-net (Note 11.1)	1,073	6,377	1,971	-
Impairment loss on non-financial assets-net (Note 11.2)	-	8,492	-	-
	1,073	14,869	1,971	-

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

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Impairment (losses)/reversal on:				
NNPC receivables	453	-	375	-
NEPL receivables	(841)	-	-	-
Trade receivables (Geregu Power, Sapele Power and NGMC)	1,461	5,670	1,596	-
Other trade receivables	-	707	-	-
	1,073	6,377	1,971	-

11.2 Impairment losses on non - financial assets-net

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Impairment losses on non-financial assets-net	-	8,492	-	-
	-	8,492	-	-

During the period, the Group recognized nil impairment loss on non-financial assets (September 2022: \$8.5 million) for long outstanding line pipes.

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12. Fair value loss

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Premium on crude options	(3,926)	(7,550)	(1,186)	(2,877)
Unrealised fair value gain/(loss) on crude options	150	970	(426)	1,606
	(3,776)	(6,580)	(1,612)	(1,271)

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

13. Finance income/(cost)

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Finance income				
Interest income	6,287	483	2,271	221
Finance cost				
Interest on bank loans	(48,500)	(49,225)	(15,398)	(14,734)
Interest on lease liabilities	(228)	(236)	(76)	(90)
Unwinding of discount on provision for decommissioning	(5,638)	(1,756)	(1,888)	(586)
	(54,366)	(51,217)	(17,362)	(15,410)
Finance (cost) – net	(48,079)	(50,734)	(15,091)	(15,189)

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 annual tax rate used for the nine months ended 30 September 2023 is 85% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 25% (2022: 60%).

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

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Income tax expense

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Current tax:				
Current tax expense on profit for the year	44,894	25,661	19,021	(4,347)
Education tax	8,979	5,045	3,590	(946)
NASENI Levy	380	428	119	25
Police Levy	5	7	1	1
Total current tax	54,258	31,141	22,731	(5,267)
Deferred tax:				
Deferred tax (credit)/expense in profit or loss (Note 14.1)	(27,267)	80,221	1,472	(9,936)
Total tax expense/(credit) in profit or loss	26,991	111,362	24,203	(15,203)
Effective tax rate	25%	60%	22%	60%

14.1 Deferred tax

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

	Balance at 1 January 2023	(Charged)/ credited to profit or loss	Balance at 30 September 2023
	\$'000	\$'000	\$'000
Deferred tax assets (Note 14.2)	458,718	77,583	536,301
Deferred tax liabilities (Note 14.3)	(283,282)	(50,316)	(333,598)

In line with IAS 12, the Group does not qualify to offset its deferred tax assets against its deferred tax liabilities as some of the entities within the Group operate in different jurisdiction.

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For the nine months ended September 2023

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	Balance at 30 September 2023
	\$'000	\$'000	\$'000
Tax losses	22,234	(22,234)	-
Other cumulative timing differences:			-
Accelerated capital deduction	214,965	83,434	298,399
Other temporary differences:		-	-
Provision for abandonment	28,251	4,894	33,145
Provision for gratuity	24,953	5,496	30,449
Provision for defined benefit	6,078	2,076	8,154
Unrealised foreign exchange loss	25,985	(30,929)	(4,944)
Overlift	52,266	39,296	91,562
Impairment provision on trade and other receivables	83,621	(4,085)	79,536
Leases	365	(365)	-
	458,718	77,583	536,301

A significant part of the deferred tax asset balance, \$298 million, is from Elcrest's unutilized capital allowances.

Elcrest's statutory tax rate has now moved from the new entrant rate of 65.75% enjoyed for the first 5 tax years to the standard tax rate of 85% effective this year. This has been reflected in the deferred tax asset balance brought forward from prior years at 65.75% but now to be recovered going forward at 85%. This is the main driver of the significant deferred tax credit in the entity for the period.

In addition to the accelerated capital deduction, other key items impacting the deferred tax position for the period are foreign exchange differences across all entities and the movement in underlift/overlift. The recent revision of the currency exchange rates resulted in foreign exchange differences due to the revaluation of the cash, payable, and receivable balances across all entities. The net impact of the forex differences in each entity is either an unrealized gain or an unrealized loss, giving rise to deferred tax liability or deferred tax asset respectively.

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 at 1 January 2023	Charged/(credited) to profit or loss	Balance at 30 September 2023
	\$'000	\$'000	\$'000
Other cumulative timing differences:			
Property, plant and equipment	(254,515)	(111,518)	(366,033)
Leases	(344)	(615)	(959)

Underlift	(10,320)	66,352	56,032
Unrealised foreign exchange gain	(18,103)	(4,535)	(22,638)
	(283,282)	(50,316)	(333,598)

15. Oil & Gas properties

During the nine months ended 30 September 2023, the Group invested \$122.7 million (Dec 2022: \$158.7 million) on additions to oil and gas properties.

16. Intangible assets

	License	Total
Cost	\$'000	\$'000
At 1 January 2023	157,868	157,868
Additions	-	-
At 30 September 2023	157,868	157,868
Amortisation		
At 1 January 2023	33,453	33,453
Charge for the period	3,639	3,639
At 30 September 2023	37,092	37,092
NBV		
At 30 September 2023	120,776	120,776
At December 2022	124,415	124,415

17. Investment accounted for using equity accounting method

	As at 30 Sept 2023	As at 31 Dec 2022
	\$'000	\$'000
Investment in joint venture	221,736	221,902
	221,736	221,902

The revised shareholders agreement between the Group and Nigerian Gas Processing and Transportation Company (NGPTC) requires both parties to have equal shareholding in ANOH. With the change in the ownership structure, the Group has reassessed its retained interest in ANOH and determined that it has joint control. The Group's interest in ANOH is accounted for in the consolidated financial statements using the equity method because the Group interest in ANOH (Joint venture) is assessed to be a joint venture.

18. Trade and other receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Trade receivables (Note 18.1)	93,171	43,571
Nigerian National Petroleum Corporation Exploration Limited (NEPL) (Note 18.2)	108,315	90,322

Nigerian National Petroleum Corporation Limited (NNPCL) receivables (Note 18.3)	31,713	34,467
Underlift	-	15,696
Other receivables (Note 18.4)	39,981	48,644
Advances to suppliers	11,069	17,123
Receivables from ANOH (Note 18.5)	7,084	11,308
Advances for new business (Note 18.6)	128,300	128,300
	419,633	389,431

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of \$12.9 million (Dec 2022: \$19.5 million), Sapele Power \$6.5 million, (2022: \$6.1 million), MSN Energy of \$4.3 million (Dec 2022: \$3.8 million) and Nigerian Gas Marketing Company \$1.5 million (Dec 2022: \$0.4 million) totalling \$25.2 million (Dec 2022: \$29.8 million) with respect to the sales of gas. Also included in trade receivables is \$10.4 million (Dec 2022: \$12.8 million) due from Waltersmith for sales of crude, Chevron \$24.4 million, (Dec 2022: nil), Pillar \$6.3 million, (Dec 2022: nil), Shell Western \$20.3 million, (Dec 2022: nil), Mecuria \$10 million, (Dec 2022: nil), and \$12 million (Dec 2022: \$26 million) from other crude injectors.

Reconciliation of trade receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Balance as at 1 January	68,131	84,230
Additions during the period	754,932	825,226
Receipts for the period	(695,023)	(841,325)
Exchange difference	(19,455)	-
Gross carrying amount	108,585	68,131
Less: impairment allowance	(15,414)	(24,560)
Balance as at the end of the period	93,171	43,571

Reconciliation of impairment allowance on trade receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Loss allowance as at 1 January	24,560	21,301
Increase in loss allowance during the period	1,461	3,259
Translation impact*	(10,607)	-
Loss allowance as at the end of the period	15,414	24,560

*Translation impact relates to measurement of ECL on receivables denominated in Naira.

18.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is \$110.8 million (Dec 2022: \$93.6 million).

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Reconciliation of NEPL receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Balance as at 1 January	93,602	95,924
Additions during the period	230,369	257,600
Receipts for the period	(215,686)	(259,922)
Exchange difference	2,469	-
Gross carrying amount	110,754	93,602
Less: impairment allowance	(2,439)	(3,280)
Balance as at the end of the period	108,315	90,322

Reconciliation of impairment allowance on NEPL receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Loss allowance as at 1 January	3,280	12,000
Decrease in loss allowance during the period	(841)	(8,720)
Loss allowance as at the end of the period	2,439	3,280

18.3 NNPC LTD receivables

Reconciliation of NNPC LTD receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Balance as at 1 January	35,316	26,265
Additions during the period	34,467	65,416
Receipts for the period	(27,645)	(56,365)
Exchange difference	(9,493)	-
Gross carrying amount	32,645	35,316
Less: impairment allowance	(932)	(849)
Balance as at the end of the period	31,713	34,467

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Reconciliation of impairment allowance on NNPCPL receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Loss allowance as at 1 January	849	1,615
Increase/(decrease) in loss allowance during the period	453	(766)
Translation impact*	(370)	
Loss allowance as at the end of the period	932	849

*Translation impact relates to measurement of ECL on receivables denominated in Naira.

18.4 Other receivables

Reconciliation of other receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Balance as at 1 January	105,924	52,513
Additions during the period	16,219	96,897
Receipts for the period	(20,823)	(43,486)
Exchange difference	(6,736)	-
Gross carrying amount	94,584	105,924
Less: impairment allowance	(54,603)	(57,280)
Balance as at the end of the period	39,981	48,644

Reconciliation of impairment allowance on other receivables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Loss allowance as at 1 January	57,280	45,319
Increase in loss allowance during the period	-	11,961
Translation impact*	(2,677)	-
Loss allowance as at the end of the period	54,603	57,280

*Translation impact relates to measurement of ECL on receivables denominated in Naira.

Other receivables include sundry receivables, WHT receivables, staff receivables, NGC VAT receivables, Oghareki CHC receivables and deposit for \$12 million divestment.

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18.5 Receivables from Joint Venture (ANOH)

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Balance as at 1 January	11,604	12,766
Additions during the period	1,025	1,364
Receipts for the period	(1,118)	(2,526)
Exchange difference	(4,131)	-
Gross carrying amount	7,380	11,604
Less: impairment allowance	(296)	(296)
Balance as at the end of the period	7,084	11,308

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

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Loss allowance as at 1 January	296	-
Increase in loss allowance during the period	-	296
Loss allowance as at the end of the period	296	296

18.6 Advances for New Business

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

19. Contract assets

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Revenue on gas sales (Note 19.1)	7,780	7,811
Impairment loss on contract asset	(227)	(403)
	7,553	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 four 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 crystallises. 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.

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19.1 Reconciliation of contract assets

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

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Balance as at 1 January	7,811	4,076
Addition during the period	159,077	90,054
Amount billed during the period	(159,108)	(86,319)
Gross revenue on gas sales	7,780	7,811
Impairment	(227)	(403)
Balance as at the end of the period	7,553	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.

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Crude oil options - Liability	(1,985)	(3,210)
Crude oil options - Asset	-	1,075

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.

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Cash on hand	929	66
Short-term fixed deposits	132,146	51,229
Cash at bank	258,182	353,287
Gross cash and cash equivalent	391,257	404,582
Loss allowance	(246)	(246)
Net cash and cash equivalents	391,011	404,336

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21.1 Reconciliation of impairment allowance on cash and cash equivalents

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Loss allowance as at 1 January	246	246
Loss allowance as at the end of the period	246	246

21.2 Restricted cash

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Restricted cash	21,166	23,944
	21,166	23,944

21.3 Movement in restricted cash

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
(Decrease)/Increase in restricted cash	(2,778)	7,915
	(2,778)	7,915

Included in the restricted cash balance is \$8.05 million, and \$11.4 million 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 \$0.76 million for unclaimed dividend.

A garnishee order of \$0.96 million 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.

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22. Share capital

22.1 Authorised and issued share capital

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Authorised ordinary share capital		
588,444,561 issued shares denominated in Naira of 50 kobo per share	1,869	1,864
Issued and fully paid		
588,444,561 (Dec 2022: 588,444,561) issued shares denominated in Naira of 50 kobo per share	1,869	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	\$'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	-	-	-	7,682	-	7,682
Vested shares	-	5	1,531	(1,536)	-	-
Closing balance as at 30 September 2023	588,444,561	1,869	523,758	31,039	(4,915)	551,751

22.3 Employee share-based payment scheme

As at 30 September 2023, the Group had awarded 117,631,260 shares (Dec 2022: 94,038,312 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the nine months ended 30 September 2023, 10,828,156 shares were vested (Dec 2022: 4,719,809 shares).

22.4 Treasury shares

This relates to Share re-purchase 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 bearing loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 September 2023:

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For the nine months ended 30 September 2023

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	\$'000	\$'000	\$'000
Balance as at 1 January 2023	74,322	695,881	770,203
Interest accrued	48,500	-	48,500
Interest capitalized	8,528	-	8,528
Principal repayment	(22,000)	-	(22,000)
Interest repayment	(58,097)	-	(58,097)
Other financing charges*	(8,488)	-	(8,488)
Transfers	46,110	(46,110)	-
Carrying amount as at 30 September 2023	88,875	649,771	738,646

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
	\$'000	\$'000	\$'000
Balance as at 1 January 2022	60,661	705,953	766,614
Interest accrued	65,418	-	65,418
Interest capitalized	14,005	-	14,005
Interest repayment	(63,287)	-	(63,287)
Other financing charges*	(12,547)	-	(12,547)
Transfers	10,072	(10,072)	-
Carrying amount as at 31 December 2022	74,322	695,881	770,203

*Other financing charges relates to commitment fee on undrawn portion of the \$350 million revolving credit facility and the \$50 million junior facilities.

23.2 Amortised cost of borrowings

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Senior loan notes	641,031	666,768
Revolving loan facilities	9,576	8,176
Reserve based lending (RBL) facility	88,039	95,259
	738,646	770,203

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\$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 \$641 million, 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 30 September 2023 (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 LIBOR plus 8%, as long as more than 50% of the available facility is drawn. This has been amended over time.

On 4 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 \$10 million using an effective interest rate of 13.21%. The interest paid was determined using LIBOR rate + 8 % on the last business day of the reporting period.

On 17 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 \$88 million (Dec 2022: \$95.3 million), although the principal is \$110 million.

\$50 million Reserved based lending (RBL) facility – July 2021

In July 2021, the Group raised a \$50 million offtake line to the Reserved Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. As of the period under review, there was a principal repayment of \$11 million on this facility. The amortised cost for this as at the reporting period is \$9.6 million.

Notes to the interim condensed consolidated financial statements

For the nine months ended 30 September 2023

\$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 of 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, which has now been achieved. The pricing is in line with the existing RCF pricing, although it reflects a change in the base rate from LIBOR plus the applicable credit adjustment spread.

24. Trade and other payables

	30 Sept 2023	31 Dec 2022
	\$'000	\$'000
Trade payable	144,090	108,654
Accruals and other payables	151,803	214,953
NDDC levy	4,120	6,004
Royalties payable	48,408	68,769
Deferred revenue	32	-
Overlift payable	173,638	61,489
	522,091	459,869

Included in accruals and other payables are field accruals of \$40.6 million (Dec 2022: \$106.1 million), deferred revenue of \$0.03 million and other vendor payables of \$37.5 million (Dec 2022: \$38.1 million). 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

		9 months ended 30 Sept 2023	9 months ended 30 Sept 2022
	Notes	\$'000	\$'000
Profit before tax		106,536	185,239
Adjusted for:			
Depletion, depreciation and amortization		119,825	91,422
Depreciation of right-of-use asset		3,074	3,421
Impairment (reversal)/ losses on financial assets	11.1	1,073	6,377
Impairment losses on non-financial assets	11.2	-	8,492
Loss on disposal of oil and gas asset		-	13,073

Interest income	13	(6,287)	(483)
Interest expense on bank loans	13	48,500	49,225
Interest on lease liabilities	13	228	236
Unwinding of discount on provision for decommissioning	13	5,638	1,756
		(150)	(970)
Unrealised fair value (gain)/loss on derivatives financial instrument	12		
Realised fair value loss on derivatives	12	3,926	7,550
Unrealised foreign exchange loss/(gain)	9	27,754	(6,732)
Share based payment expenses		7,682	3,498
Defined benefit expenses		2,313	3,041
Share of profit in joint venture		166	(114)
Changes in working capital: (excluding the effects of exchange differences)			
Trade and other receivables		(31,556)	(63,998)
Inventories		(503)	14,176
Prepayments		11,992	(2,758)
Contract assets		(145)	(576)
Trade and other payables		62,222	57,890
Restricted cash		2,778	(1,645)
Net cash from operating activities		365,066	368,120

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.

	9 months ended 30 Sept 2023	9 months ended 30 Sept 2022	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2022
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) attributable to Equity holders of the parent	40,480	75,733	(3,031)	(4,055)
Profit/(loss) attributable to Non-controlling interests	39,065	(1,856)	(50)	(5,369)
Profit/(loss) for the period	79,545	73,877	(3,081)	(9,424)
	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/(loss) per share	0.07	0.13	(0.01)	(0.01)
Diluted earnings/(loss) per share	0.07	0.13	(0.01)	(0.01)
Profit/(loss) used in determining basic/diluted earnings per share	40,480	75,733	(3,031)	(4,055)

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 did not provide any consulting services to Seplat during the period (Dec 2022: \$916.5 thousand). 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 thousand (Dec 2022: \$1,457 thousand).

Entities controlled by Directors of the Company

Ubosi Eleh and Company (controlled by Director Ernest Ebi): The Company did not provide any leasehold property to Seplat during the period (Dec 2022: \$53.7 thousand).

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 nine months ended 30 September 2023 is \$262 thousand (Dec 2022: \$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. Reclassification

Certain comparative figures in note 10 have been reclassified in line with the current period's presentation.

31. 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 30 September 2023 and on its profit or loss and other comprehensive income for the period ended.