Unaudited results for the nine months ended 30 September 2024

29 October 2024

Reliable energy,
limitless potential

Lagos and London, 29 October 2024: Seplat Energy Plc ("Seplat Energy" or "the Company"), a leading Nigerian independent energy company listed on the Nigerian Exchange Limited and the London Stock Exchange, announces its unaudited results for the nine months ended 30 September 2024.

Summary

3Q24 highlights included Abiala first oil, successful turnaround maintenance at Oben gas plant and the first lifting at Bonny terminal since 2022, continuing the strong operational performance delivered in 2024. Robust cash generation further improved the balance sheet, with period end net debt down to $270m (0.5x Net Debt/EBITDA). Given the strong underlying performance of the business the Board has approved a 20% increase in the quarterly dividend to US3.6 cents per share from 3Q 2024.

Operational highlights

- Working interest production averaged 47,525 boepd (9M 2023: 48,152 boepd), around the midpoint of guidance. Daily average liquids production increased 6% and gas production decreased by 11% versus 9M 2023. Annual guidance narrowed to 46,000 - 50,000 boepd (previously 44,000 - 52,000 boepd).
- Oben gas plant turnaround maintenance activity successfully completed, expect higher gas production in 4Q 2024.
- Abiala first oil achieved in September. Exports to commence during Q4 2024, targeting gross production level of c.5,000 bopd in Q1 2025.
- Trans Niger Pipeline ('TNP') availability improving, supporting higher OML 53 production, 3Q 2024 production of 2,097 bopd +85% compared to 3Q 2023, and enabling a resumption of OML 53 crude lifting at Bonny Terminal in September.
- Drilling activity increased. Completed nine wells year to date. Seven from the 2024 program, which is on track.
- ANOH Gas project saw completion of the 23km spur line, but the OB3 pipeline experienced further delays due to the technical challenges associated with the project. NGIC completion date has now moved to end of 2024. Factoring in a further contingency, in line with our previously stated approach, first gas is now expected during 2Q 2025.
- Carbon intensity of 32.7 kgCO2e/boe (9M 2023: 26.0 kgCO2e/boe) for operated assets. High 3Q 2024 emissions due to increased flaring during planned maintenance at Oben and following the resumption of operations at Ohaji, OML53. The anticipated impact of the End of Routine Flaring projects, starting in the second half of 2025, is expected to materially reduce absolute emissions by up to 70%.
- Safety culture maintained, achieved 8.2-million-man hours without LTI at Seplat operated assets year to date.

Financial highlights

- Revenues of $715.3 million, down 11.7% vs. 9M 2023 ($810.4 million), largely due to overlift reported at 9M 2023. Adjusting for overlift/underlift 9M 2024 revenue $724 million, +6% compared to 9M 2023 of $683 million
- Average price realisations. Oil: $82.89/bbl (9M 2023: $82.76/bbl); Gas: $3.18/Mscf (9M 2023: $2.87/Mscf).
- Adjusted EBITDA $383.0 million, up 25% from $306.4 million in 9M 2023, driven by higher revenue (adjusted) and lower costs.
- Cash generated from operations of $423.3 million, up 17% from $362.3 million in 9M 2023.
- Capex of $157.0 million (9M 2023: $125.4 million), reflecting higher drilling activity.
- Balance sheet cash at 9M 2024, $433.9 million (9M 2023: $391.0 million). Net debt at end September, $270 million, down from $366 million at end June 2024. $38.5 million of Reserve-Based Lending (RBL) borrowings repaid year to date. Period end Net Debt to EBITDA was 0.5x.

Corporate updates

- Received Ministerial Consent for acquisition of entire issued share capital of Mobil Producing Nigeria Unlimited ('MPNU').
- Strong underlying business performance supports increase to core dividend. 3Q 24 dividend raised by 20% to US3.6 cents. Total core dividend declared to date in 2024 $9.6 cents per share.
- 2024 production guidance narrowed to 46,000 - 50,000 boepd (previously 44,000 - 52,000 boepd). Capex now expected at the top end of the guidance range ($170 million - $200 million).

Seplat Energy

Roger Brown, Chief Executive Officer, said:

"The first nine months of 2024 has seen Seplat Energy deliver a strong operational performance. Production has been consistent, drilling has improved and our main maintenance activities have been executed successfully. We have brought two new fields on stream, most recently Abiala, and are approaching completion of the Sapele gas plant. Further delays to the start up at ANOH are frustrating, but we have been pleased to see the commitment of our government partner in tackling the technically challenging river crossing. Based on the latest estimates received, and maintaining a cautious stance on any risk of further delays, we update our guidance for first gas to Q2 2025.

Commodity prices remained supportive, combined with operational uptime and timely cash calls from our joint venture partner, helped cash generation improve year over year, enhancing our balance sheet position. As a result, we are pleased to announce a 20% increase in the core quarterly dividend and note that this is reflective of the strength of the underlying business. The increase does not factor in the organic (ANOH) and inorganic (MPNU) growth opportunities that the company is currently pursuing.

We were delighted in recent days to receive Ministerial consent for the acquisition of MPNU. The transaction will be transformational for Seplat Energy, and every effort is now on completing the transaction.

Summary of performance

	$ million			₦ billion	
	9M 2024	9M 2023	% change	9M 2024	9M 2023
Revenue**	715.3	810.4	(11.7%)	1,070.9	478.1
Gross profit	355.0	416.3	(14.7%)	531.5	245.6
EBITDA *	383.0	306.4	25.0%	573.4	180.8
Operating profit (loss)	274.8	154.8	77.5%	411.3	91.3
Profit (loss) before tax	245.0	106.5	130%	366.7	62.9
Cash generated from operations	423.3	362.3	16.9%	633.8	213.8
Working interest production (boepd)	47,525	48,152	(1.3)%		
Total crude oil lifted (MMbbls)	7.54	8.66	(13.0)%		
Average realised oil price ($/bbl)	82.89	82.76	0.2%		
Average realised gas price ($/Mscf)	3.18	2.87	10.8%		
LTIF	0	0	nm		
CO2 emissions intensity from operated assets, kg/boe	32.7	26.0	25.8%		

* Adjusted for impairment, fair value loss, unrealised FX gain, profit from JV and decommissioning

**9M 2024 includes underlift of $8.2 million, 9M 2023 includes overlift of $127.8 million

Responsibility for publication

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

Signed:

Eleanor Adaralegbe

Chief Financial Officer

Important notice

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

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

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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 upstream 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. In Gas Midstream, we operate a 465MMscfd gas processing plant at Oben, in OML4, and are constructing the 300MMscfd ANOH Gas Processing Plant in OML53 and a new 85MMscfd gas processing plant at Sapele in OML41, to augment our position as a leading supplier of gas to the domestic power generation market.

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

Operating review

Group production performance

Working interest production for the nine months ended 30 September 2024

		9M 2024			9M 2023		
		Liquids	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	15,067	103.6	32,928	15,206	116.5	35,289
OPL 283	40%	1,613	-	1,613	1,540	-	1,540
OML 53	40%	1,516	-	1,516	1,154	-	1,154
OML 40	45%	11,468	-	11,468	10,169	-	10,169
Total		**29,664**	**103.6**	**47,525**	**28,069**	**116.5**	**48,152**

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 2024, the Company reported total working interest production of 47,525 boped, a 1.3% decline in 9M 2024 (9M 2023: 48,152 boepd)), but around the mid-point of initial 2024 guidance (44,000 - 52,000 boepd).

The oil & gas mix was 62% and 38% respectively. Within this, daily average working interest oil production increased by 6% while working interest gas production fell 11%. Gas production was lower due to a combination of gas well availability and the two-week shutdown of the Oben gas plant which successfully carried out planned maintenance activities.

Total production deferment in the period was 24% (9M 2023: 31%), a significant improvement on the prior year performance driven by improved asset availability.

Working interest production by quarter

		Q1 2024			Q2 2024			Q3 2024		
		Liquids	Gas	Total	Liquids	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	15,089	109.5	33,961	15,483	107.9	34,085	14,633	93.6	30,763
OML 40	45%	12,470	-	12,470	10,593		10,593	11,343	-	11,343
OML 53	40%	1,263	-	1,263	1,181		1,181	2,097	-	2,097
OPL 283	40%	1,575	-	1,575	1,699		1,699	1,565	-	1,565
Total		**30,397**	**109.5**	**49,269**	**28,956**	**107.9**	**47,558**	**29,638**	**93.6**	**45,768**

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 6% to 8.13 MMbbls in 9M 2024, compared to 7.66 MMbbls in 9M 2023.

Summary of the contribution from each asset is highlighted below:

Western Assets

In OMLs 4, 38, & 41, working interest liquids production was stable at 15,067 bopd (9M 2023: 15,206 bopd). Delivery of our 2024 drilling program is on track and will support production in subsequent quarters.

We continue to benefit from the availability of multiple export routes for our Western Assets. In the third quarter we experienced some downtime on our main export routes. In August the Amukpe Escravos pipeline ('AEP') experienced 14 days of downtime, while in September the Trans Forcados pipeline ('TFP') experienced 13 days of downtime. However, on both occasions the alternative evacuation route was available, ensuring minimal disruption to operations.

Elcrest

Our operations in OML 40 continued to record strong growth during the period. Average daily working interest production rose 12.8% to 11,468 bopd (9M 2023: 10,169 bopd). The solid growth in production has being supported by timely delivery of new wells, and improved export route availability experienced in the year to date.

Abiala marginal field

Abiala is a marginal field located in the OML 40 area, in which Elcrest (45% owned by Seplat Energy) owns a 95% equity farm-in and is the operator. It represents one of the growth projects expected to be brought online in 2024. The progress so far is in line with our plan to focus on low-cost development with early monetisation opportunities that leverage existing contractual positions to accelerate the field's development.

We are pleased to report first oil, via an extended well test ('EWT'), from Abiala-01 was achieved on 15th September. The second producing well, Abiala-02 well has been completed with well clean-up currently in progress. Evacuation of the crude for sale is expected to commence at the end of October 2024, and the Company expects the field to reach a gross production rate of c.5,000 bopd by Q1 2025.

Eastern Assets

On OML 53, following the resumption of pipeline operations, daily working interest production rose 31.4% to 1,516 bopd in 9M 2024 (9M 2023: 1,154 bopd), while 3Q24 production was up 85% on the equivalent period in 2023, highlighting the benefit of TNP availability. At Ohaji, evacuation has primarily been to the nearby Waltersmith Refinery in the year to date, though the split has been balanced between the TNP and Waltersmith in 3Q24. TNP has been available since April 2024, and the Company lifted its first shipment, of 200,000 barrels, from bonny terminal for the first time in 32 months in September.

We continue to see limited production from our Jisike field, with a daily working interest production of 332 bopd in 9M 2024 (9M 2023: nil).

In OPL 283, daily working interest production rose 4.7% to 1,613 bopd in 9M 2024, from 1,540 bopd in 9M 2023.

Trans Niger Pipeline ('TNP') Update

Ongoing operational improvements and enhanced security measures have been implemented to stabilise the TNP, which has previously encountered challenges due to oil theft and vandalism. As a result, operations are currently restricted to daylight hours. The line operator, Shell Petroleum Development Company (SPDC) continues to execute workstreams needed to resume 24-hour operations on Zone-6 of the line. These workstreams are expected to be completed in Q4 2024 which would allow us resume 24-hour injection into the line.

The following wells- Ohaji-7, Ohaji-8 and Ohaji-9, in OML 53 which were shut in when evacuation was constrained have been cleaned up and are ready to commence production once stability has been achieved on the TNP.

TNP is also the primary export route for condensate production for ANOH Gas Processing Company (AGPC), which will evacuate condensate into the TNP from the ANOH gas plant.

Drilling

For 2024, the Company's drilling program is expected to deliver 13 new wells (11 oil wells and 2 gas wells). The 2024 drilling program continues to address normal production decline and, along with the completion of maintenance activities, support long-term production levels from the assets.

In our 6M 2024 results, we reported completion of four wells (Ovhor-21, Ovhor-22, Abiala-1 W/O and Sapele-38) from our 2024 drilling program and two wells (Okporhuru-9 and Sapele-37) from our 2023 drilling program. We also stated that Ovhor-21 was onstream and producing at a gross rate of 2,300 bopd. We can now report that Ovhor-22 is onstream and producing at a gross rate of 1,250 bopd while well testing is ongoing at Abiala-1 W/O.

In the third quarter, we completed the drilling of three additional wells from our 2024 drilling plan. The wells that were completed include Oben-55, Oben-54, and Abiala-2. The completed wells are expected to come onstream in October, with expected combined gross oil & gas production of 4,500 bopd and 23 MMscfd respectively. Two wells (Ovhor-23 & Ovhor-24) billed for completion in Q3 2024 will now be moved Q4 2024. Drilling has commenced in Ovhor-23 using the Imperial rig, with the rig scheduled to move to Ovhor-24 following completion of drilling in Ovhor-23.

In the final quarter of the year, we plan to drill six wells (including two wells from Q3) to complete our 2024 drilling program. The wells to be drilled include Ovhor-23 (ongoing), Ovhor-24, Oben-56 (ongoing), Oben-57, GB-12 (ongoing), and GB-13. Drilling is the major contributing factor in our 2024 capex plans. A high rate of drilling activity alongside management of some well complexity are the principal drivers for group capex now being anticipated at the top of the original guidance range.

Midstream Gas business performance

During the period, the average working interest gas production volume fell 11.1% to 103.6 MMscfd in 9M 2024, from 116.5 MMscfd in 9M 2023. The decline in gas production year to date has been driven by a combination of gas well availability at the start of 2024 and in 3Q by the planned two-week shutdown of the Oben gas plant for mandatory maintenance[1].

Total gas sales for the period were 28.4 Bcf (9M 2023: 31.8 Bcf), contributing 38% of the Company's produced volumes and 13% of total revenue.

The business continues to pursue growth opportunities to maximise the utilisation of the Oben gas plant. New customers are being brought onboard to high grade the GSA customer base and improve revenue generation.

Oben Gas Plant

The turnaround maintenance (TAM) activities of the Oben gas plant were successfully carried out during August. The TAM was completed ahead of schedule with the gas plant restarted on August 28th, one day ahead of plan. Alongside mandatory activities, a number of additional activities were delivered concurrently, such as; debottlenecking of condensate separators, conversion of in-let valves to support lower pressure production, tie-ins for western assets flares out projects, an upgrade of the gas metering system and a power upgrade for a new 1.2MVA gas Gen Set, one of our diesel displacement initiatives.

Following completion of the TAM activities, gas production has stabilised around 260 MMscfd gross (c.117 MMscf/d net working interest).

ANOH Gas Processing Plant

In Q3 2024, AGPC achieved 13.6 million man-hours without Lost Time Injury. We continued to make progress on the gas plant construction, pre-commissioning works and operational readiness towards first gas.

The upstream wells and facilities achieved ready for start-up in early 3Q 2024, which confirmed readiness to deliver wet gas to the ANOH Gas plant.

During October, our partner, NGIC, achieved pipeline commissioning of the 23.3 km Spur line, following completion of all pre-commissioning activities including pipeline cleaning, debris removal, defect testing, hydrotesting, dewatering and drying. The line is now ready to transport processed lean gas into the OB3 pipeline.

In our 6M 2024 results, we reported that tunnelling operations on the OB3 pipeline had reached 1.12km of the 1.85km river crossing. Subsequently, OB3 pipeline experienced further technical and mechanical challenges. The setbacks required import of additional equipment, to reinforce the hardware required for micro tunnelling and horizontal directional drilling (HDD), which have been delivered onsite. Our partner, NGIC, also identified new subsurface complexities which required more grouting works to be completed. Tunnelling works are expected to resume shortly.

Based on the latest guidance from NGIC, the expected OB3 completion date is now end of 2024. As we have done previously, we have a built in a contingency of up to six months and have now updated our guidance on first gas to Q2 2025.

Sapele Gas Plant

The Sapele Gas Plant is an 85 MMscfd plant, capable of processing both Non-Associated Gas (NAG) and Associated Gas (AG) which meets export specifications and LPG processing module which would supply LPG to the domestic market. The project will also contribute significantly to Seplat's target to end routine flaring by the end of 2025.

Work at the new Sapele Gas Plant has continued through the year. Recent activity includes commissioning work associated with the initial 30 MMscfd MRU train. The project is now near completion, as such, we retain guidance for first gas from the first 30 MMscfd module during Q4 2024. Subsequent modules will be commissioned in 2025 to enable the plant to ramp up to full capacity.

New Energy business

In line with our strategy to support the country's energy transition, we continue to assess various midstream gas, power, and renewable investment opportunities that are focused on increasing energy supply and reliability, lowering costs, and reducing the carbon intensity of Nigeria's electricity consumption.

In the past quarter, we continued to assess viable and scalable opportunities predominantly in the domestic power sector.

HSE performance

In 9M 2024, the Company achieved a total of 8.2 million manhours without any Lost Time Injury (LTI) in its operated assets, which reflects the Company's strong focus on safety and the dedication of its workforce to maintaining a secure work environment. This brings aggregate LTI free manhours to 18.8 million with over 717 days since last LTI was recorded (13 October 2022). In addition, the Total Recordable Incident Rate (TRIR) was 0.487 with three Medical Treatment Case (MTC) reported during this period. Furthermore, no Tier 2 Process Safety Loss of Primary Containment (LOPC) incident was recorded during the period.

Ending routine flaring

The carbon intensity recorded for the period was 32.7 kg CO_2/boe, higher than the 26.0 kg CO_2/boe recorded in 9M 2023. The significant increase in carbon intensity was primarily driven by increased production from our Eastern assets following reinstatement of TNP Zone 6. Wells in our Eastern asset are gas-rich which leads to emission of associated gas as production increases. The shutdown of the Oben Gas Plant during the TAM activities carried out in August led to higher emissions during the two-week period, also contributing to higher carbon intensity compared to last year.

The Company continues to progress efforts to secure evacuation options for unprocessed associated gas from the Sapele Flow Station. Alongside this, work continues on the construction of the Sapele Integrated Gas Plant (SIGP), which is scheduled to be fully complete in 1H 2025 (details in earlier sections). Once operational, SIGP offtake has the potential to materially reduce Group Scope 1 emissions. Other ongoing key flare-out projects, including the Western Asset Flares Out (installation of VRU compressors), Sapele LPG Storage & Offloading Facility, Oben LPG Project and Ohaji Flares Out Project. The Company is on track to end routine flaring of gas in 2H 2025.

Proposed acquisition of MPNU

On 22 October 2024, we reported that we had received confirmation from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) that Ministerial consent has been granted by the Honourable Minister of Petroleum Resources in Nigeria, President Bola Ahmed Tinubu GCFR, to proceed with the acquisition of the entire issued share capital of Mobil Producing Nigeria Unlimited (MPNU).

Following receipt of Ministerial consent the Company is now working to complete the transaction. This includes four main work streams, which are all at an advanced stage of completion. 1) Nigerian regulatory process: Work is ongoing to finalise the transaction documentation in order to complete the transfer of MPNU to the Seplat Group, 2) UK Prospectus: Given the transaction is classed as a reverse takeover (‘RTO’) under UK listing rules, the company is required to publish a full prospectus. The prospectus process is underway with the UK Financial Conduct Authority (‘FCA’). 3) Operational Readiness: Seplat Energy has various teams engaged to ensure a smooth transition of MPNU into the Seplat Group. 4) Financing the transaction: Seplat Energy plans to fund the transaction via equity cash, our undrawn RCF and a new debt facility.

Outlook

Following robust performance year to date, and after adjusting for the revised start-up of the ANOH gas project, we narrow our production guidance to 46,000-50,000 boepd (previously 44,000-52,000 boepd). The mid-point of guidance is unchanged.

Year to date, drilling activity and cost has been towards the upper end of original expectations. Our 2024 drilling program is on track to deliver the wells which will support production in the quarters ahead. As such, we now expect full year capex to be at the top end of previous guidance range ($170 million - $200 million).

Over the coming months, the Company is looking to deliver a number of key milestones including; completion of the MPNU acquisition, first gas at ANOH and Sapele Gas Plant, crude evacuation from Abiala, completion of a number of End of Routine Flaring projects and unrestricted 24-hour operations on the TNP pipeline.

Financial review

Revenue

Oil

In the first nine months of 2024, Brent crude oil benchmark price averaged $81.79/bbl, down 2% on the average in the first six months of 2024, after weaker pricing in 3Q 2024, but flat on 9M 2023's average of $81.96/bbl. A confluence of continued management of crude oil output by OPEC+ member nations, elevated geopolitical tensions and mixed macroeconomic developments have all contributed to keeping average prices around similar levels to last year.

The Company continues to benefit from oil price realisations at a modest premium to Brent, realising $82.89/bbl, an average premium to Brent of $1.10/bbl. Our realised price was relatively flat compared to the equivalent figure in 9M 2023 ($82.76/bbl).

Total crude revenues declined 12.7% to $625.2 million in 9M 2024, from $716.4 million in 9M 2023. The decline is largely attributed to lower liftings in the period, with total crude lifted in 9M 2024 13% lower at 7.54 MMbbl vs. the 8.66 MMbbl lifted in 9M 2023.

9M 2024 crude revenue excludes an underlift of 7 kbbl (valued at $0.5 million), while 9M 2023 includes an overlift volume of 1.28 MMbbl (valued at $127.8 million).

After adjusting for underlift at 9M 2024, crude oil revenue was $633.4 million, which is 7.6% higher than the adjusted 9M 2023 crude oil revenue of $588.5 million, this reflects slightly higher oil production and realised pricing in the period.

Gas

Gas revenue fell by 4.0% to $90.2 million in 9M 2024 (compared to $94.0 million in 9M 2023). The reduction in gas revenue was due to lower production, partially offset by higher gas price realisations.

Production in 9M 2024 fell 10.7% to 28.4 Bscf, from 31.8 Bscf in 9M 2023. This was partially offset by the average realised gas price, which rose by 10.8% to $3.18/Mscf in 9M 2024, from $2.87/Mscf in 9M 2023. The average realised gas price improvement reflects the impact of price escalations on a gas contract which took effect in the period. In addition, higher prices for DGDO gas contracts (increased from $2.18/MMBtu to $2.42/MMBtu in April 2024) contributed to the realised gas price during the period.

Total Oil & Gas Sales

Revenue from combined oil and gas sales in 9M 2024 was $715.3 million, an 11.7% decrease from the $810.4 million achieved in 9M 2023.

Gross profit

Gross profit fell 14.7% to $355.0 million in 9M 2024, from the $416.3 million recorded in 9M 2023. The decline was largely driven by the lower reported revenue in the period (due to overlifts in 9M 2023), an increase in direct operating costs, due to higher gas flaring penalty (9M 2024: $19.2 million vs 9M 2023: $4.4 million), net off by reduction in Royalty charges. The reduced royalty charge follows an agreement with JV partners to share liftings via Walter smith refinery ("WSR"). In the period from 2022 to the agreement in 2024, only Seplat was lifting crude via WSR. We remain focused on delivering our routine flare reduction projects, slated to come online in H2 2025. Upon completion, these projects will substantially minimise gas flares penalties and concurrently support revenue growth. Adjusting for Gas flare penalty fees driven by higher government tariffs from mid-2023, production costs are 8.4% lower year on year.

Adjusting gross profit for underlift/overlift, we recorded a 25.9% growth to $363.3 million in 9M 2024 (9M 2023: $288.4 million), primarily driven by lower cost of sales in the period. This translates to an adjusted gross margin of 51% in 9M 2024 (9M 2023: 36%).

Direct operating costs include expenses related to crude-handling charges (CHC), barging/trucking, operations and maintenance, amounted to $131.8 million in 9M 2024, marking a 3.7% increase from the $127.1 million incurred in 9M 2023.

Considering the cost per barrel equivalent basis, production operating expenses (opex) rose to $10.1/boe in 9M 2024, compared to $9.7/boe in 9M 2023.

Non-production costs which primarily includes $107.6 million in royalties and $114.1 million in depreciation, depletion, and amortisation (DD&A), declined from the $141.2 million in royalties and $116.9 million in DD&A reported in 9M 2023.

Operating profit

Operating profit increased by 77.5% to $274.8 million in 9M 2024, from $154.8 million achieved in 9M 2023. In addition to the contribution from higher adjusted oil revenue, other reasons for increases in operating profit was attributed to the items below.

Firstly, and under non-cash items is a reversal in the impact of foreign exchange on the income statement as the Company reports a $17.1 million accounting adjusted FX gain in 9M 2024 (9M 2023: $27.8 million FX loss). In mid 2023 the Naira began to materially depreciate versus the US Dollar. This depreciation led to the Company recording an FX loss in 9M 2023 following revaluation of the Naira financial asset balances on our books. Conversely, in the second quarter, we received approvals from our JV partner on OML 53, NUIMS to net off outstanding cash calls with the overlift volumes on the asset. The subsequent redenomination of overlift liabilities in Naira led to an accounting adjusted FX gain of $17.1 million in 9M 2024. Partly net off from this increase is an impairment of $7.4 million on the Turnkey rigs after the successful sale of the rigs were consummated in Q3, 2024. (See section on cash flow from investing activities below)

In addition, the Company reported a decline in General and Administrative (G&A) expenses. G&A expenses amounted to $95.9 million, 8.3% lower than the $104.5 million incurred in 9M 2023. The decrease in G&A costs was mainly due to lower spending on Professional and Consulting fees, reflecting lower litigation costs compared to 9M 2023 when the company had to manage an unprecedented and intense period of minority shareholder actions through the courts. Seplat remains committed to minimising G&A expenses and continues to implement measures to manage all costs.

After adjusting for non-cash items such as impairment, fair value losses, and exchange gains, the Company reports adjusted EBITDA for 9M 2024 of $383.0 million, up 25% on the prior period (9M 2023: $306.4 million). This results in an adjusted EBITDA margin of 53.5% (9M 2023: 37.8%). The increase in adjusted EBITDA reflects the impact of lower non-production costs, such as royalties during the period.

Taxation

The income tax expense of $209.7 million includes a current tax charge of $65.7 million (9M 2023: $54.3 million) and a deferred tax charge of $144.0 million (9M 2023: deferred tax credit of $27.3 million). The higher current tax this year resulted from higher taxable profit due to lower costs for the period.

The deferred tax charge in 9M 2024 was driven by the FX gains and underlift for the period which are excluded from petroleum profit tax (PPT) calculations, giving rise to the creation of a deferred tax liability. This contrasts with 9M 2023's deferred tax credit which arose due to creation of deferred tax assets from the overlift and FX loss recorded in the period. The effective tax rate for the period was 86% (9M 2023: 25%).

Effective tax rate analysis	Income tax expense			Tax rate	
Profit before tax ($'million)	Current	Deferred	Total	**ETR (Effective Tax Rate)**	**Current Tax rate**
245.0	65.7	144.0	209.7	86%	27 %

Net result

Profit before tax increased by 129.9%, amounting to $245.0 million, compared to $106.5 million in 9M 2023. However, primarily due to the significant increase in taxation in 9M 2024 (as explained above), net profit declined 55.7% to $35.3 million in 9M 2024, from $79.5 million in 9M 2023.

The profit attributable to equity holders of the parent company, representing shareholders, was $38.7 million in 9M 2024, which resulted in basic earnings per share of $0.07/share for the period (9M 2023: $0.07/share).

Cash flows from operating activities

During the period, the Company generated $423.3 million in cash from its operations, a 16.8% increase from the $362.3 million generated in 9M 2023, driven by improved receivables collection. During the quarter, we continued to receive cash call payments from our JV partners. On our NEPL/Seplat JV and NEPL/Elcrest JV balance, we received an aggregate cash call amount of $341.4 million, lowering the aggregate receivables balance at period end to $47.5 million. At the end of 9M 2024, we had no receivables outstanding from our JV partner on OML 53.

Net cash flow from operating activities amounted to $361.8 million in 9M 2024, compared to $296.3 million in 9M 2023. Cash tax payments of $64.0 million (9M 2023: $60.5 million) and hedge premiums paid of $4.1 million (9M 2023: $3.9 million) during the current period, were broadly stable on the prior period.

Cash flows from investing activities

The total net cash outflow from investing activities was $126.8 million, which increased from the $110.4 million recorded in 9M 2023, the increase was due to increased capex, partially offset by receipts from disposal of assets. We received $5.4 million in respect of the divestment from Ubima and $10.9 million from our financial interest in OML 55. The $6.1 million proceeds from disposal of other PPE represents the initial cash payment agreed for the sale of Turnkey rigs (formerly known as Cardinal drilling rigs). We made the strategic decision to sell the Turnkey drilling rigs in order to concentrate on our core strengths and long-term objectives. The Turnkey rigs were sold for $12.3 million, with final payments expected by April 2025.

The capital expenditure on oil & gas assets during the period was $153.6 million, including $114.2 million invested in drilling activities and $39.4 million invested in engineering & gas projects. Total capex (including other fixed assets) was $157.0 million.

Cash flows from financing activities

Net cash outflows from financing activities were $198.8 million, which increased from the $168.6 million recorded in 9M 2023. The increase was driven largely by principal repayments on loans of $38.5 million (9M 2023: $22.0 million) related to the Eland Senior RBL facility and share purchases for the Company's LTIP of $19.3 million (9M 2023: $nil).

Elsewhere, $62.5 million for interest on loans and borrowings, reflecting the cost of servicing the Company's debt obligations, were modestly higher versus the prior period, while commitment fee and associated transaction costs of $6.9 million were modestly lower.

The Company paid $70.6 million in dividends to investors during the period, down from $76.1 million in the prior period due to the magnitude of the special dividend paid for 2023 (FY 2022 special dividend paid in 2023 was US$5.0 cents while FY 2023 special dividend paid in 2024 was US$3.0 cents).

Liquidity

Net debt reconciliation at 30 Sept 2024 (unaudited)	$ million	Coupon	Maturity
Senior notes*	644.4	7.75%	April 2026
Westport RBL*	10.3	SOFR rate+8%	March 2026
Off-take facility*	49.1	SOFR rate+10.5%	April 2027
Total borrowings	703.8		
Cash and cash equivalents (exclusive of restricted cash)	433.9		
Net debt	**270.0**		

* including amortised interest

The balance sheet remains healthy with a solid liquidity position. Seplat Energy ended the year with gross debt of $703.8 million (with maturities in 2026 and 2027) and cash at bank of $433.9 million, leaving net debt at $270.0 million. We also ended 9M 2024 with a restricted cash balance of $24.4 million including $2.4 million and $21.0 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 buyback opportunities for the current debt facilities – including potentially the $650 million 7.75% 144A/Reg S bond maturing in 2026.

Post reporting period, Fitch Ratings published its rating action commentary on Seplat Energy, revising the outlook on our Long-Term Issuer Default Rating (IDR) to Positive from Stable and affirmed the IDR at 'B-'. Fitch also affirmed that the upgrade to a positive outlook reflects that an upgrade of Nigeria's Long-Term IDR could result in an upward revision of the country ceiling, which would no longer constrain Seplat's Long-Term IDR at the current level.

Dividend

Following board consideration and approval, we are pleased to announce a 20% increase in our quarterly core dividend payment to US3.6 cents per share from 3Q 24, this level has been committed for 4Q 24 as well, as such the total core dividend to be declared in respect of 2024 will be US 13.2 cents per share, a 10% increase on 2023. The dividend increase is due to the strength of the underlying business and does not factor in the potential enhancement in the shareholder returns policy that may be supported by the organic (ANOH) and inorganic (MPNU) growth opportunities that the Company is currently pursuing.

In line with the company's quarterly dividend policy, the board has approved a Q3 2024 dividend of US3.6 cents per share (subject to appropriate WHT) which will be paid to shareholders whose name appear in the register of members as at the close of business 12 November 2024. This brings total dividends announced for the 2024 financial reporting cycle to US9.6 cents per share.

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 for 2024 amount to 6.0 MMbbls with the average cost to hedge these volumes for 2024 being $0.81/bbl. In line with our policy to target hedging two quarters in advance, we have hedged additional 1.5 MMbbls at a strike price of $55 for Q1 2025. The Board and management team closely monitor prevailing oil market dynamics and will consider further measures to provide appropriate levels of cash flow assurance in times of oil price weakness and volatility.

Oil Hedges (Brent Deferred Premium Put Options)	Unit	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Volumes hedged	MMbbls	1.5	1.5	1.5	1.5	1.5
Price hedged	US$/bbl	65.0	55.0	60.0	60.0	55.0
Put cost	US$/bbl	1.08	0.86	0.86	0.44	1.03

Unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2024 (NGN)

29 October 2024

Reliable energy,
limitless potential

Condensed consolidation interim statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2024

	Notes	9 Months ended 30 Sept 2024 Unaudited ₦ million	9 Months ended 30 Sept 2023 Unaudited ₦ million	3 Months ended 30 Sept 2024 Unaudited ₦ million	3 Months ended 30 Sept 2023 Unaudited ₦ million
Revenue from contracts with customers	8	1,070,897	478,130	495,845	199,796
Cost of sales	8	(539,379)	(232,514)	(211,814)	(94,765)
Gross profit		**531,518**	**245,616**	**284,031**	**105,031**
Other income/(loss)	10	32,084	(89,762)	(88,526)	(43,540)
General and administrative expenses	11	(143,538)	(61,673)	(66,334)	(28,165)
Impairment losses on financial assets	12	(4,001)	(633)	(2,419)	(1,090)
Fair value losses	13	(4,723)	(2,227)	(589)	(1,126)
Operating profit		**411,340**	**91,321**	**126,163**	**31,110**
Finance income	14	11,702	3,709	4,295	1,666
Finance costs	14	(86,956)	(32,078)	(32,839)	(13,250)
Finance cost - net	14	(75,254)	(28,369)	(28,544)	(11,584)
Share of profit/(loss) from joint venture accounted for using the equity method		30,625	(98)	25,044	(122)
Profit before taxation		**366,711**	**62,854**	**122,663**	**19,404**
Income tax expense	15	(313,935)	(15,926)	(137,947)	(14,507)
Profit/(loss) for the year		52,776	46,928	(15,284)	4,897
Attributable to:					
Equity holders of the parent		57,888	23,879	2,303	1,751
Non-controlling interests		(5,112)	23,049	(17,587)	3,146
		52,776	46,928	(15,284)	4,897
Earnings per share for the period					
Basic earnings per share (₦)	25	98.37	40.58	3.91	2.98
Diluted earnings per share (₦)	25	98.37	40.58	3.91	2.98

Condensed consolidation interim statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2024

	Notes	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
		Unaudited	Unaudited	Unaudited	Unaudited
		₦ million	₦ million	₦ million	₦ million
Profit/(loss) for the year		**52,776**	**46,928**	**(15,284)**	**4,897**
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		1,253,259	547,128	231,232	3,197
Total comprehensive income for the period (net of tax)		**1,306,035**	**594,056**	**215,948**	**8,094**
Attributable to:					
Equity holders of the parent		1,311,147	571,007	233,535	4,948
Non-controlling interests		(5,112)	23,049	(17,587)	3,146
		1,306,035	**594,056**	**215,948**	**8,094**

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

Condensed consolidated interim statement of financial position

As at 30 September 2024

	Notes	30 Sept 2024 Unaudited ₦ million	31 Dec 2023 Audited ₦ million
Assets			
Non-current assets			
Oil & gas properties	16	2,690,705	1,465,352
Other Property, plant and Equipment		17,455	25,744
Right-of-use assets		30,473	1,946
Intangible assets		178,662	106,583
Other Assets		145,397	91,478
Investment accounted for using equity method		390,445	200,937
Long-term prepayments		54,152	37,979
Deferred tax assets	15	343,102	261,530
Total non-current assets		**3,850,391**	**2,191,549**
Current assets			
Inventories		78,781	47,154
Trade and other receivables	17	539,637	368,898
Prepayments		21,111	9,477
Contract asset	18	11,536	7,240
Restricted cash	20.2	39,075	24,311
Cash and cash equivalents	20	694,610	404,825
Total current assets		**1,384,750**	**861,905**
Total assets		**5,235,141**	**3,053,454**
Equity and liabilities			
Equity			
Issued Share Capital	21	297	297
Share Premium	21	90,138	90,138
Share Based Payment Reserve	21	3,022	12,255
Treasury shares	21.4	(7,585)	(1,612)
Capital Contribution		5,932	5,932
Retained Earnings		182,884	230,708
Foreign currency translation reserve		2,504,386	1,251,127
Non-controlling interest		18,678	23,790
Total shareholder's equity		**2,797,752**	**1,612,635**
Non-current liabilities			
Interest bearing loans and borrowings	22	971,571	599,434
Lease liability		18,012	—
Provision for decommissioning obligation		215,617	117,489
Deferred tax liability	15	265,496	88,381
Defined benefit plan		10,788	1,810
Total non-current liabilities		**1,481,484**	**807,114**
Current liabilities			
Interest bearing loans and borrowings	22	155,900	80,265
Lease liability		9,590	1,207
Derivative financial liability	19	1,002	1,444
Trade and other payables	23	663,861	480,136
Current tax liabilities		125,552	70,653
Total current liabilities		**955,905**	**633,705**
Total liabilities		**2,437,389**	**1,440,819**
Total shareholders' equity and liabilities		**5,235,141**	**3,053,454**

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

Condensed consolidated interim statement of financial position

As at 30 September 2024

The financial statements of Seplat Energy Plc and its subsidiaries (the Group) for the nine months ended 30 September 2024 were authorised for issue in accordance with a resolution of the Directors on 29 October 2024 and were signed on its behalf by:

U. U. Udoma
FRC/2013/NBA/00000001796
Chairman
29 October 2024

R.T Brown
FRC/2014/PRO/DIR/00000017939
Chief Executive Officer
29 October 2024

E. Adaralegbe
FRC/2017/ICAN/00000017591
Chief Financial Officer
29 October 2024

Condensed consolidated interim statement of changes in equity

For the nine months ended 30 September 2024

	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 2023	**297**	**91,317**	**5,936**	**(1,612)**	**5,932**	**241,386**	**447,014**	**(2,963)**	**787,307**
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	–	–	4,533	–	–	–	–	–	4,533
Vested shares	3	903	(906)	–	–	–	–	–	–
Total	3	903	3,627	–	–	(44,891)	–	–	(40,358)
At 30 Sept 2023 (unaudited)	**300**	**92,220**	**9,563**	**(1,612)**	**5,932**	**220,374**	**994,142**	**20,086**	**1,341,005**
At 1 January 2024	297	90,138	12,255	(1,612)	5,932	230,708	1,251,127	23,790	1,612,635
Profit/(loss) for the period	–	–	–	–	–	57,888	–	(5,112)	52,776
Other Comprehensive income	–	–	–	–	–	–	1,253,259	–	1,253,259
Total comprehensive income/(loss) for the period	–	–	–	–	–	57,888	1,253,259	(5,112)	1,306,035
Transactions with owners in their capacity as owners:									
Dividend paid	–	–	–	–	–	(105,712)	–	–	(105,712)
Share based payments	–	–	13,687	–	–	–	–	–	13,687
Vested shares	33	22,887	(22,920)	–	–	–	–	–	–
Issued vested shares	(33)	(22,887)	–	22,920	–	–	–	–	–
Share re-purchase	–	–	–	(28,893)	–	–	–	–	(28,893)
Total	–	–	(9,233)	(5,973)	–	(105,712)	–	–	(120,918)
At 30 Sept 2024 (unaudited)	**297**	**90,138**	**3,022**	**(7,585)**	**5,932**	**182,884**	**2,504,386**	**18,678**	**2,797,752**

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

Condensed consolidated interim statement of cash flows

For the nine months ended 30 September 2024

	Notes	9 Months ended 30 Sept 2024 Unaudited ₦ million	9 Months ended 30 Sept 2023 Unaudited ₦ million
Cash flows from operating activities			
Cash generated from operations	24	633,757	213,751
Income tax paid		(95,877)	(35,707)
Restricted cash		3,931	1,639
Contribution to plan assets		–	(3,282)
Hedge premium paid		(6,190)	(2,316)
Net cash inflows from operating activities		**535,621**	**174,085**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties	16	(229,957)	(72,385)
Proceeds from disposal of oil and gas properties*		8,023	5,134
Payment for acquisition of other property, plant and equipment		(5,132)	(1,599)
Proceeds from disposal of other property, plant and equipment**		9,196	–
Receipts from other asset***		16,312	–
Interest received	14	11,702	3,709
Net cash outflows used in investing activities		**(189,856)**	**(65,141)**
Cash flows from financing activities			
Repayments of loans and borrowings	22	(57,650)	(12,980)
Dividend paid	26	(105,712)	(44,891)
Shares purchased -LTIP scheme	21.3	(28,893)	–
Interest paid on lease liability		(1,362)	(135)
Lease payment - principal portion		(73)	(2,193)
Payments of other financing charges****	22	(10,400)	(5,008)
Interest paid on loans and borrowings	22	(93,590)	(34,278)
Net cash outflows used in financing activities		**(297,680)**	**(99,485)**
Net increase in cash and cash equivalents		48,085	9,459
Cash and cash equivalents at beginning of the year		404,825	180,786
Effects of exchange rate changes on cash and cash equivalents		241,699	105,738
Cash and cash equivalents at end of the period	20	**694,609**	**295,983**

*Proceeds from disposal of oil and gas properties relates to the disposal of Ubima field
**Proceeds from the disposal of other property, plant and equipment relates to the disposal of the Turnkey rigs
***Receipt from other assets relates to proceeds from financial interest from OML 55.

****Other financing charges of ₦10.4 billion relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

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

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

2. 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.

On 7 November 2010, 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 11 December 2013, the Group incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

On 11 December 2013, 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 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.

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 the 20 January 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. The Group divested some of its ownership interest in this Company to Nigerian Gas Processing and Transportation Company (NGPTC) which was effective from 18 April 2019, hence this investment qualifies as a joint arrangement and has continued to be recognised as investment in joint venture.

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.

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

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

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

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

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

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

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. In 2022, Wester Ord Oil and Gas (Nigeria) divested it's interest in Ubima.

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.

On 26 April 2023, Seplat Gas Company Limited was changed to Seplat Midstream Company Limited. This subsidiary was incorporated to engage in oil and gas exploration and production and gas processing. The company is yet commence operations.

On 14 June 2023, the Group entered into a joint venture agreement with Pol Gas Limited which birthed Pine Gas Processing Limited. Both parties subscribed to equal proportion of ordinary shares. The Company was incorporated for processing natural gas, storage, marketing, transportation, trading, supply and distribution of natural gas and petroleum

products derived from natural gas. The company is yet to commence operations.

On 7 August 2024, the Group incorporated a subsidiary, Seplat Energy Investment Limited. The Company was incorporated for oil and gas exploration and production.

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 East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	11 December 2013	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect

Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
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
Seplat Midstream Company Limited	11 December 2013	Nigeria	100%	Oil and Gas exploration and production and gas processing	Direct
Seplat Energy Investment Limited	7 August 2024	Nigeria	100%	Oil and gas exploration and production	Direct

3. Significant changes in the current accounting period

The following significant changes occurred during the reporting period ended nine months ended 30 September 2024:

- On 1 April 2024, Mr. Udoma Udo Udoma became Independent Non-Executive Chairman and Mr. Bello Rabiu became Senior Independent Non-Executive Director of the Seplat Energy Board.
- On 1 May 2024, Mrs. Eleanor Adaralegbe joined the Board of Seplat as an Executive Director and succeeded Mr. Emeka Onwuka as Chief Financial Officer on 21 May 2024.
- Received Ministerial Consent for acquisition of entire issued share capital of Mobil Producing Nigeria Unlimited (‘MPNU’). Targeting completion by year end 2024.

4. Summary of significant accounting policies

4.1 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.

4.2 Basis of preparation

The consolidated financial statements of the Group for the nine months ended 30 September 2024 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) and thousand, 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.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

4.3 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 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

▪ What is meant by a right to defer settlement.

▪ That a right to defer must exist at the end of the reporting period

▪ That classification is unaffected by the likelihood that an entity will exercise its deferral right.

▪ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's financial statements.

b) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

c) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

4.4 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:

a) Amendments to IFRS 10 and IAS 28: Selection or contribution of assets between an investor or joint venture

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

b) IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

c) IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

d) Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

4.5 Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2024.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2023.

4.6 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.

i. Transaction and balances

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

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

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

ii. Group companies

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

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

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

5. 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.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

5.1 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.

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) 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 ₦107.1 billion (2023: ₦48 billion). See Note 30 for the applicable translation rates.

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.

Seplat Energy

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

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;

1. The difference, if any, between the amount of promised consideration and cash selling price and;
2. 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 Senior leadership team to assess the financial performance and position of the Group and makes strategic decisions. The Senior leadership team consist of Chief Executive Officer; Chief Financial Officer; Chief Operating Officer; Director New Energy; Technical Director; Managing Director, Seplat West; Managing Director, Seplat East; Managing Director, Elcrest Exploration and Production Limited; Director Legal; Director, Corporate Services; Director, External Affairs and Social Performance, Managing Director, ANOH Gas Processing Company (AGPC); Director , Strategy, Planning and Business Development. See further details in note 7.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

5.2 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.

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, and OML 40. 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, 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.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

i) Intangible assets

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

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

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For the nine months ended 30 September 2024

6. Financial risk management

6.1 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 the relevant cash outflows to mitigate any potential foreign exchange risk.
Market risk – interest rate	Long term borrowings at variable rate	Sensitivity analysis	None
Market risk – commodity prices	Derivative financial instruments	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, trade receivables and derivative financial instruments.	Ageing 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

6.1.1 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., NUIMS 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 November 2024. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in 2027. 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 Groups's profit before tax to movements in the probability of default (PD) and loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 September 2024	30 September 2024
	₦ million	₦ million
Increase/decrease in loss given default		
+10%	(118)	–
-10%	**118**	–

	Effect on profit before tax	Effect on other components of equity before tax
	31 December 2023	31 December 2023
	₦ million	₦ million
Increase/decrease in loss given default		
+10%	**(104)**	–
-10%	**104**	–

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	Effect on other components of equity before tax
	30 September 2024	30 September 2024
	₦ million	₦ million
Increase/decrease in probability of default		
+10%	(124)	–
-10%	**124**	–

	Effect on profit before tax	Effect on other components of equity before tax
	31 December 2023	31 December 2023
	₦ million	₦ million
Increase/decrease in probability of default		
+10%	**(109)**	–
-10%	**109**	–

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	Effect on other components of equity before tax
	30 September 2024	30 September 2024
	₦ million	₦ million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(124)	–
-10%	**124**	–

	Effect on profit before tax	Effect on other components of equity before tax
	31 December 2023	31 December 2023
	₦ million	₦ million
Increase/decrease in forward looking macroeconomic indicators		
+10%	**(37)**	–
-10%	**37**	–

6.1.2 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.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

30 Sept 2024	Effective interest rate	Less than 1 year	1 - 2 years	2 - 3 years	3 - 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
Non-derivatives						
Fixed interest rate borrowings						
650 million Senior notes	7.75%	40,326	1,121,321	—	—	1,161,647
Variable interest rate borrowings (bank loans) :						
The Mauritius Commercial Bank Ltd	8% + SOFR	24,601	6,572	—	—	31,173
Stanbic IBTC Bank Plc	8% + SOFR	25,113	6,709	—	—	31,822
Standard Bank of South Africa	8% + SOFR	14,351	3,834	—	—	18,184
First City Monument Ltd (FCMB)	8% + SOFR	6,406	1,712	—	—	8,118
Shell Western Supply & Trading Limited	10.5% + SOFR	2,884	2,884	19,050	—	24,818
Total variable interest borrowings		**73,356**	**21,711**	**19,050**	**—**	**114,116**
Other non-derivatives						
Trade and other payables		663,861	—	—	—	663,861
Lease liability		9,590	18,012	—	—	27,602
		673,451	18,012	—	—	691,463
Total		**787,133**	**1,161,044**	**19,050**	**—**	**1,967,226**

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

31 December 2023	Effective interest rate %	Less than 1 year ₦ million	1 - 2 years ₦ million	2 - 3 years ₦ million	3 - 5 years ₦ million	Total ₦ million
Non-derivatives						
Fixed interest rate borrowings						
650 million Senior notes	7.75%	45,838	45,306	607,259	—	698,403
Variable interest rate borrowings (bank loans) :						
The Mauritius Commercial Bank Ltd	8% + SOFR	15,426	13,782	3,688	—	32,896
Stanbic IBTC Bank Plc	8% + SOFR	15,749	14,068	3,764	—	33,581
Standard Bank of South Africa	8% + SOFR	8,999	8,039	2,150	—	19,188
First City Monument Ltd (FCMB)	8% + SOFR	4,018	3,589	960	—	8,567
Shell Western Supply & Trading Limited	10.5% + SOFR	1,595	1,590	1,590	10,685	15,460
Total variable interest borrowings		**45,787**	**41,068**	**12,152**	**10,685**	**109,692**
Other non-derivatives						
Trade and other payables		480,136	—	—	—	480,136
Lease liabilities		1,207	—	—	—	1,207
		481,343	—	—	—	481,343
Total		**572,968**	**86,374**	**619,411**	**10,685**	**1,289,438**

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

6.1.3 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 2024	31 Dec 2023	30 Sept 2024	31 Dec 2023
	₦ million	₦ million	₦ million	₦ million
Financial assets measured at amortised cost				
Trade and other receivables	283,342	249,938	283,342	249,938
Contract asset	11,536	7,240	11,536	7,240
Cash and cash equivalents	694,610	404,825	694,610	404,825
	989,488	**662,003**	**989,488**	**662,003**
Financial liabilities				
Interest bearing loans and borrowings	1,126,880	679,367	1,109,788	688,438
Trade and other payables	566,728	349,998	566,728	349,997
	1,693,608	**1,029,364**	**1,693,608**	**1,038,435**
Financial liabilities at fair value				
Derivative financial instruments	(1,002)	(1,444)	(1,002)	(1,444)
	(1,002)	(1,444)	(1,002)	(1,444)

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.

6.1.4 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.

Seplat Energy

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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.

7. 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 2024, revenue from the gas segment of the business constituted 13% (2023: 12%) 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 inter-segment 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.

7.1 Segment profit disclosure

	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million	3 Months ended 30 Sept 2024 ₦ million	3 Months ended 30 Sept 2023 ₦ million
Oil	(29,642)	47,761	(39,790)	(1,291)
Gas	82,418	(833)	24,507	6,188
Total profit/(loss) for the period	**52,776**	**46,928**	**(15,283)**	**4,897**

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Oil	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million	3 Months ended 30 Sept 2024 ₦ million	3 Months ended 30 Sept 2023 ₦ million
Revenue from contracts with customers				
Crude oil sales (Note 8)	935,891	422,683	444,361	176,777
Cost of sales and general and administrative expenses	(660,436)	(282,824)	(256,131)	(198,113)
*Other income/(losses)	54,767	(50,356)	(73,154)	41,646
Operating profit before impairment	330,222	89,503	115,076	20,310
Impairment/(losses)	6,041	701	(891)	(405)
Operating profit	**336,263**	**90,204**	**114,185**	**19,905**
Finance income (Note 14)	11,702	3,709	4,295	1,666
Finance costs (Note 14)	(86,957)	(32,078)	(32,840)	(13,250)
Fair value	(7,679)	(2,227)	(3,538)	(1,125)
Profit before taxation	**253,330**	**59,608**	**82,103**	**7,196**
Income tax expense (Note 15)	(282,972)	(11,847)	(121,893)	(8,488)
(Loss)/profit for the period	**(29,642)**	**47,761**	**(39,790)**	**(1,291)**

*The other income for the current period relates to foreign exchange gain of ₦48 billion, underlift of ₦12 billion, tariff income of ₦5 billion and loss on disposal of other PPE of (₦10 billion) recorded during the period.

During the reporting period, impairment losses recognised in the oil segment relate to trade receivables and other receivables (Pillar, Pan Ocean, Oghareki, Summit, NEPL and NUIMS).

Gas	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million	3 Months ended 30 Sept 2024 ₦ million	3 Months ended 30 Sept 2023 ₦ million
Revenue from contracts with customers				
Gas sales (Note 7)	135,006	55,447	51,483	15,389
Cost of sales and general and administrative expenses	(19,526)	(11,359)	(19,069)	(3,415)
*Other losses	(22,684)	(39,408)	(15,372)	(1,332)
Operating profit/loss before impairment	92,797	4,680	17,042	10,642
Impairment	(10,041)	(1,334)	(1,526)	(518)
Operating profit	**82,757**	**3,346**	**15,517**	**10,124**
Share of profit/(loss) from joint venture accounted for using the equity method	30,625	(98)	25,044	(108)
Profit before taxation	113,382	3,248	40,561	10,016
Income tax expense (Note 15)	(30,963)	(4,080)	(16,054)	(3,828)
Profit/(loss) for the period	**82,418**	**(833)**	**24,507**	**6,188**

*Other losses relates to foreign exchange losses recognised in the reporting period
Impairment losses recognised in the gas segment relates to Geregu Power, Sapele Power and NGMC. See Note 11 for further details. In addition, the Gas segment suffered foreign exchange losses arising from devaluation and therefore 2023 operating profit has been impacted by volatility in Naira exchange to the USD.

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7.1.1 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 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023
	Oil ₦ million	Gas ₦ million	Total ₦ million	Oil ₦ million	Gas ₦ million	Total ₦ million
Geographical markets						
Bahamas	358,062	–	358,063	143,908	–	143,908
Nigeria	50,457	135,006	185,463	36,241	55,447	91,688
Italy	94,511	–	94,511	2,634	–	2,634
Switzerland	223,869	–	223,869	159,905	–	159,905
Barbados	55,229	–	55,229	13,919	–	13,919
England	153,761	–	153,761	66,076	–	66,076
Revenue from contracts with customers	**935,890**	**135,006**	**1,070,897**	**422,683**	**55,447**	**478,130**
Timing of revenue recognition						
At a point in time	935,891	–	935,891	422,683	—	422,683
Over time	–	135,006	135,006	—	55,447	55,447
Revenue from contracts with customers	**935,891**	**135,006**	**1,070,897**	**422,683**	**55,447**	**478,130**

	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023
	Oil ₦ million	Gas ₦ million	Total ₦ million	Oil ₦ million	Gas ₦ million	Total ₦ million
Geographical markets						
Bahamas	183,542	–	183,542	66,371	–	66,371
Nigeria	13,040	51,483	64,523	13,091	23,019	36,110
Italy	8,409	–	8,409	362	–	362
Switzerland	125,011	–	125,011	81,158	–	81,158
Barbados	29,398	–	29,398	6,702	–	6,702
England	84,960	–	84,960	9,093	–	9,093
Revenue from contracts with customers	**444,360**	**51,483**	**495,843**	**176,777**	**23,019**	**199,796**
Timing of revenue recognition						
At a point in time	444,360	–	444,360	176,777		176,777
Over time		51,483	51,483		23,019	23,019
Revenue from contracts with customers	**444,360**	**51,483**	**495,843**	**176,777**	**23,019**	**199,796**

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The Group's transactions with its major customer, Mercuria, constitutes more than 20% (₦223.9 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 (₦135 billion) accounted for most of the revenue from gas segment.

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

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023
	Oil	Gas	Total	Oil	Gas	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Impairment reversal/(losses) recognised during the period	6,041	(10,041)	(4,001)	701	(1,334)	(633)
	6,041	**(10,041)**	**(4,001)**	**701**	**(1,334)**	**(633)**

	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023
	Oil	Gas	Total	Oil	Gas	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Impairment reversal/(losses) recognised during the period	(891)	(1,526)	(2,419)	(405)	(518)	(923)
	(891)	**(1,526)**	**(2,419)**	**(405)**	**(518)**	**(923)**

7.2 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 2024	4,178,143	1,056,998	5,235,141
31 December 2023	2,458,176	595,278	3,053,454

7.3 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
	₦ million	₦ million	₦ million
Total segment liabilities			
30 September 2024	1,869,579	567,810	2,437,389
31 December 2023	1,069,025	371,794	1,440,819

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8. Revenue from contract with customers

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
Crude oil sales	935,891	422,683	444,362	176,777
Gas sales	135,006	55,447	51,483	23,019
	1,070,897	**478,130**	**495,845**	**199,796**

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

9. Cost of Sales

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
*Royalties	161,106	83,298	64,274	35,402
Depletion, Depreciation and Amortisation	170,805	68,964	62,845	27,615
Crude handling fees	74,154	27,547	30,800	10,408
Nigeria Export Supervision Scheme (NESS) fee	635	476	301	190
Niger Delta Development Commission	9,465	4,776	3,727	1,688
Barging/Trucking	15,495	6,822	4,532	3,314
Operations & Maintenance Costs	107,719	40,631	45,335	16,148
	539,379	**232,514**	**211,814**	**94,765**

*Royalties have been adjusted by ₦39.9 billion to reflect NUIMS portion linked to its share of production via the Waltersmith refinery in 2023.

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 charge of ₦29.8 billion (2023: ₦2.6 billion). The significant increase in gas flare penalty is attributable to an upward review of gas flare tariff by the government.

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

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10. Other income/(loss)

	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million	3 Months ended 30 Sept 2024 ₦ million	3 Months ended 30 Sept 2023 ₦ million
Underlift/(Overlifts)	12,285	(75,431)	(63,793)	(45,222)
Gain/(loss) on foreign exchange	25,562	(16,375)	(15,768)	834
Loss on disposal of property, plant & equipment	(11,150)	–	(11,150)	–
Tariffs	4,696	1,677	1,885	555
Others	690	367	299	293
	32,083	**(89,762)**	**(88,527)**	**(43,540)**

Underlifts/Overlifts are shortfalls/surplus' of crude lifted below/above the share of production. It may exist when the crude oil lifted by the Group during the period is less/more than its ownership share of production. The shortfall/surplus is initi ally measured at the market price of oil at the date of lifting and recognised as other income/loss. At each reporting period, the shortfall/surplus 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 income/loss.

Foreign currency gain during the period is primarily driven by the revaluation of Naira denominated crude oil sales to Waltersmith Refinery included in overlift.

Loss on disposal of property, plant & equipment relates to the loss on the sale of the Turnkey rigs.

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

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

11. General and administrative expenses

	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million	3 Months ended 30 Sept 2024 ₦ million	3 Months ended 30 Sept 2023 ₦ million
Depreciation of other property, plant and equipment	8,453	1,734	6,420	870
Depreciation of right-of-use assets	5,911	1,814	2,586	731
Professional & Consulting Fees	37,209	22,042	15,100	7,915
Auditor's remuneration	891	234	577	37
*Directors' emoluments (executive)	4,678	1,458	1,480	644
**Directors' emoluments (non - executive)	5,527	1,708	1,805	520
Employee benefits	43,203	20,825	15,901	9,164
***Share-based benefits	13,687	4,533	6,670	3,463
Flights and other travel costs	9,862	2,974	3,761	1,409
Other general expenses	14,117	4,351	12,034	3,412
	143,538	**61,673**	**66,334**	**28,165**

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

*The increase in Executive Directors' emoluments for the current period, mostly relates to 2023 bonuses under accrued following better performance in 2023.

**The increase in emoluments for Non-Executive Directors in the current period, in comparison to the prior period is attributed to exit payments made to retired Non-Executive Directors included in 2024 performance.

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***The increase in share-based benefits for the current period, compared to the previous period, is attributable to the increase in share price in the nine months of 2024 relative to prior period.

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

Entity	Service	PwC office	Fees (N'million)	Year
Seplat Energy Plc	Remuneration committee advice	PwC UK	100.8	2024

12. Impairment loss on assets

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
Impairment loss on financial assets-net (Note 12.1)	4,001	633	2,419	1,090
	4,001	**633**	**2,419**	**1,090**

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

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
Impairment losses/(reversal) on:				
NUIMS receivables	(1,139)	267	(897)	227
NEPL receivables	(5,449)	(496)	(483)	(68)
Trade receivables (Geregu power, Sapele Power and NGMC)	10,909	862	3,747	931
Other trade receivables	(320)	–	52	–
Total impairment loss allowance	**4,001**	**633**	**2,419**	**1,090**

13. Fair value gain/(loss)

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
Realised fair value loss on crude oil hedges	(6,288)	(2,316)	(2,319)	(922)
Unrealised fair value gain/(loss) on crude oil hedges	1,565	89	1,730	(204)
	(4,723)	**(2,227)**	**(589)**	**(1,126)**

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

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14. Finance income/(cost)

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
Finance Income				
Interest income	11,702	3,709	4,295	1,666
Finance Charges				
Interest on bank loan	(75,405)	(28,616)	(29,472)	(11,773)
Other financing charges	(4,137)	–	(369)	–
Interest on lease liabilities	(1,363)	(135)	(558)	(58)
Unwinding of discount on provision for decommissioning	(6,052)	(3,327)	(2,441)	(1,419)
	(86,957)	**(32,078)**	**(32,840)**	**(13,250)**
Finance (cost) - net	**(75,255)**	**(28,369)**	**(28,545)**	**(11,584)**

Finance income represents interest on short-term fixed deposits.

15. 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 in line with the requirements of the standard. The annual tax rate used for the nine months ended 30 September 2024 is 85% for crude oil activities and 30% for gas activities.

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

Income tax expense

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	₦ million	₦ million	₦ million	₦ million
Current tax:				
Current tax expense on profit for the year	82,843	26,488	(3,311)	13,323
Education Tax	14,475	5,299	9,718	2,557
NASENI Levy	960	224	308	91
Police Levy	15	3	4	1
Total current tax	**98,293**	**32,014**	**6,719**	**15,972**
Deferred tax:				
Deferred tax expense/(credit) in profit or loss (Note 15.1)	215,642	(16,088)	131,228	(1,465)
Total tax expense/(credit) in profit or loss	**313,935**	**15,926**	**137,947**	**14,507**
Effective tax rate	**86 %**	**25 %**	**122 %**	**115 %**

The income tax expense of ₦314 billion for the interim period includes a current tax charge of ₦98 billion and a deferred tax charge of ₦216 billion based on the effective tax rate (ETR) of 86%.

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15.1 Deferred tax

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

	Balance as at 1 January 2024	(Charged) /credited to profit or loss	Exchange difference	Balance as at 30 September 2024
	₦ million	₦ million	₦ million	₦ million
Deferred tax assets	261,530	(114,499)	196,070	343,102
Deferred tax liabilities	(88,382)	(101,143)	(75,972)	(265,496)
	173,148	**(215,642)**	**120,098**	**77,606**

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

16. Oil and gas properties

During the nine months ended 30 September 2024, the Group invested ₦230 billion (Dec 2023: ₦67.3 billion) on additions to oil and gas properties.

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17. Trade and other receivables

	30 Sept 2024	31 Dec 2023
	₦ million	₦ million
Trade receivables (Note 17.1)	138,857	92,741
Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables (Note 17.2)	76,096	112,054
NNPC Upstream Investment Management Services (NUIMS) receivables (Note 17.3)	(1,448)	18,415
*Underlift	21,084	–
Advances to suppliers-others	29,799	3,568
Advance for New Business (Note 17.6)	205,412	115,392
Receivables from ANOH (Note 17.5)	1,055	565
Other receivables (Note 17.4)	68,782	26,163
	539,637	**368,898**

*Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income.

17.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of ₦17.9 billion (Dec 2023: ₦11.7 billion), Sapele Power ₦11.2 billion (Dec 2023: ₦5.5 billion), MSN Energy ₦20.2 billion (Dec 2023: ₦3.3 billion) and Nigerian Gas Marketing Company ₦0.5 billion (Dec 2023: ₦1.2 billion), Transcorp Power ₦2.3 billion (Dec 2023: nil), Azura Power ₦4.8 billion (Dec 2023: nil) totalling ₦56.9 billion (Dec 2023: ₦21.7 billion) with respect to the sales of gas.

Also included in trade receivables are receivables due from Pillar of ₦39.0 billion (Dec 2023: ₦5.9 billion), Mercuria nil (Dec 2023: ₦4.2 billion), Shell Western ₦24.9 billion (Dec 2023: ₦63.2 billion) and Waltersmith of ₦9.4 billion (Dec 2023: ₦11 billion) for sale of crude and ₦34.3 billion (Dec 2023: ₦1.9 billion) for others.

Reconciliation of trade receivables

	9 Months ended 30 Sept 2024	31 Dec 2023
	₦ million	₦ million
Balance as at 1 January	107,871	30,462
Additions during the year	1,149,038	913,583
Receipt for the year	(1,085,794)	(619,033)
Exchange difference	(6,597)	(217,141)
Gross carry amount	164,518	107,871
Less: Impairment allowance	(25,661)	(15,130)
Balance as at the end of the period	**138,857**	**92,741**

Reconciliation of impairment allowance on trade receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Loss allowance as at 1 Jan	15,130	10,982
Increase in loss allowance	10,909	2,140
Translation impact	(12,098)	(7,221)
Exchange difference	11,720	9,229
Loss allowance as at the end of the period	**25,661**	**15,130**

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

17.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is ₦76.1 billion (Dec 2023: ₦112.1 billion).

Reconciliation of NEPL receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Balance as at 1 January	116,421	41,853
Additions during the year	419,662	309,094
Receipts during the year	(511,037)	(207,716)
Exchange difference	52,390	(26,810)
Gross carrying amount	77,436	116,421
Less: impairment allowance	(1,340)	(4,367)
Balance as at the end of the period	**76,096**	**112,054**

Reconciliation of impairment allowance on NEPL receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Loss allowance as at 1 Jan	4,367	1,467
Increase in loss allowance	(5,449)	1,228
Exchange difference	2,422	1,672
Loss allowance as at the end of the period	**1,340**	**4,367**

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

17.3 NUIMS receivables

Reconciliation of NUIMS receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Balance as at 1 January	19,099	15,791
Additions during the year	40,503	34,604
Receipts during the year	(56,581)	(26,574)
Exchange difference	(4,469)	(4,722)
Gross carrying amount	(1,448)	19,099
Less: impairment allowance	–	(684)
Balance as at the end of the period	**(1,448)**	**18,415**

Reconciliation of impairment allowance on NUIMS receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Loss allowance as at 1 Jan	684	380
Increase in loss allowance	(1,139)	229
Translation impact	–	(286)
Exchange difference	455	361
Loss allowance as at the end of the period	**–**	**684**

17.4 Other receivables

Reconciliation of other receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Balance as at 1 January	74,727	47,364
Receipts during the year	46,430	(16,986)
Addition during the year	(15,102)	11,617
Exchange difference	51,917	32,732
Gross carrying amount	157,972	74,727
Less: impairment allowance	(89,190)	(48,564)
Balance as at end of the period	**68,782**	**26,163**

Reconciliation of impairment allowance on other receivables

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Loss allowance as at 1 January	48,564	25,612
Increase in loss allowance during the period	(320)	868
Foreign exchange revaluation impact	2,883	(3,025)
Exchange difference	38,063	25,109
Loss allowance as at end of the period	**89,190**	**48,564**

Other receivables include sundry receivables, WHT receivables, staff receivables, Nigerian Gas Company (NGC) VAT receivables, Oghareki CHC receivables. Non-financial assets recognised under other receivables such as WHT receivables and NGC VAT receivables have not been subjected to impairment.

*Foreign exchange revaluation impact relates to the revaluation of receivable balances denominated in currencies other than the US Dollars. These balances are required to be revalued at the end of every reporting period.

17.5 Receivables from joint venture (ANOH)

Receivables from joint venture (ANOH)	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Balance as at 1 January	5,992	5,188
Additions during the year	809	1,242
Receipts for the year	(623)	(917)
Exchange difference	1,015	479
Gross carrying amount	**7,193**	**5,992**
Less: Impairment reversal/(charge)	(6,138)	(5,427)
Balance as at 30 September	**1,055**	**565**

ANOH receivable of $31.98 million due from ANOH has been fully provided for and currently has a nil effect on trade and other receivable.

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

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Loss allowance as at 1 January	5,427	132
Increase in loss allowance during the period	–	3,768
Exchange difference	711	1,527
Loss allowance as at end of the period	**6,138**	**5,427**

17.6 Advances for New Business

Advances for new business include deposit for investment of ₦205.4 billion (Dec 2023: ₦115.4 billion) towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

18. Contract assets

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Revenue on gas sales	11,992	7,496
Impairment loss on contract assets	(456)	(256)
	11,536	**7,240**

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, NGMC, Transcorp Power, MSN Energy and Asherxino Limited for the delivery of gas supplies and Waltersmith for delivery of oil which these customers have 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. While that of oil sales is 10 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystalises. The right to the unbilled receivables is recognised as a contract asset. At the point where the certificates are received and upon volume reconciliations with offtakers, this will be reclassified from contract assets to trade receivables.

18.1 Reconciliation of contract assets

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

	9 Months ended 30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Balance as at 1 January 2024	7,496	3,493
Additions during the period	236,929	104,819
Amounts billed during the period	(238,193)	(104,476)
Exchange difference	5,760	3,660
Gross revenue on gas sales	11,992	7,496
Impairment	(456)	(256)
Balance as at the end of the period	**11,536**	**7,240**

19. 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 2024 ₦ million	31 Dec 2023 ₦ million
Opening Balance	(1,444)	(954)
Unrealised fair value (Note13)	1,565	587
Premium Accrued	(644)	(240)
Prior year - premium paid	546	—
Exchange difference	(1,025)	(837)
	(1,002)	(1,444)

20. 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 2024 ₦ million	31 Dec 2023 ₦ million
Cash on hand	–	–
Short-term fixed deposits	58,791	91,411
Cash at bank	636,212	313,635
Gross cash and cash equivalents	**695,003**	**405,046**
Loss allowance	(393)	(221)
Net cash and cash equivalents	**694,610**	**404,825**

20.1 Reconciliation of impairment allowance on cash and cash equivalents

	30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Loss allowance as at 1 January	221	110
Decrease in loss allowance during the period	(1)	–
Exchange difference	173	111
Loss allowance as at the end of the period	**393**	**221**

20.2 Restricted cash

	30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Restricted cash	39,074	24,311
	39,074	**24,311**

20.3 Movement in restricted cash

	30 Sept 2024	31 Dec 2023
	₦ million	₦ million
(Decrease)/increase in restricted cash	(2,027)	2,027
Exchange difference	(12,736)	11,578
	(14,763)	**13,605**

Included in the restricted cash balance is ₦3.9 billion and ₦33.7 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 ₦0.4 billion for unclaimed dividend and a garnishee order of ₦0.8 billion.

These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

21. Share capital

21.1 Authorised and issued share capital

	30 Sept 2024	31 Dec 2023
	₦ million	₦ million
Authorised ordinary share capital		
588,444,561 ordinary shares denominated in Naira of 50 kobo per share	297	297
Issued and fully paid		
588,444,561 (Dec 2023:588,444,561) issued shares denominated in Naira of 50 kobo per share	297	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.

21.2 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 2024	**588,444,561**	**297**	**90,138**	**12,255**	**(1,612)**	**101,078**
Additions to share based during the period	–	–	–	13,687	–	13,687
Vested shares during the period	18,643,732	33	22,887	(22,920)		
Issued vested shares	(18,643,732)	(33)	(22,887)	–	22,920	–
Share repurchased	–	–	–	–	(28,893)	(28,893)
Closing balance as at 30 September 2024	**588,444,561**	**297**	**90,138**	**3,022**	**(7,585)**	**85,872**

Shares repurchased for employees during the year of ₦28.9 billion (2023: ₦0.98 million) relates to 9.3 million shares purchased for Company's Long-Term Incentive Plan. The shares are held by the Trustees under the Trust for the benefit of the Company's employee beneficiaries covered under the Trust.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

21.3 Employee share-based payment scheme

As at 30 September 2024, the shares awards granted by the Group to Executive Directors and confirmed employees which are yet to vest is 53,624,002 shares (Dec 2023: 56,047,932 shares).

21.4 Treasury shares

This relates to shares purchased from the market to fund the 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.

22. Interest bearing loans and borrowings

22.1 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 September 2024:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2024	80,265	599,434	679,699
Interest accrued	75,405	–	75,405
Interest capitalised	9,117	–	9,117
Other financing charges (commitment fees)	–	–	–
Principal repayment	(57,650)	–	(57,650)
Interest repayment	(93,590)	–	(93,590)
Other financing charges	(10,400)	–	(10,400)
Transfers	89,290	(89,290)	–
Exchange differences	63,463	461,427	524,890
Carrying amount as at 30 September 2024	**155,900**	**971,571**	**1,127,471**

Interest bearing loans and borrowings is made up of ₦1.13 trillion, relating to EIR interest bearing loans and ₦591.00 million relating to accrued commitment fees on the undrawn $350 million Revolving Credit Facility (RCF).

*Other financing charges relates commitment fees for the $350 million revolving credit facility and the Junior facilities.

Below is the reconciliation on interest bearing loans and borrowings 31 December 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	35,015	–	35,015
Interest capitalized	10,675	–	10,675
Other financing charges (Commitment fees)	5,052	–	5,052
Principal repayment	(14,446)	–	(14,446)
Interest repayment	(40,455)	–	(40,455)
Other financing charges	(5,343)	–	(5,343)
Transfers	19,301	(19,301)	–
Exchange differences	37,234	307,586	344,820
Balance as at 31 December 2023	**80,265**	**599,434**	**679,699**

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

22.2 Amortised cost of borrowings

	9 Months ended 30 Sept 2024	31 Dec 2023
	₦ million	₦ million
Senior loan notes	1,031,703	588,351
Senior reserve-based lending (RBL) facility	79,583	81,838
Junior reserve-based lending (RBL) facility	15,594	9,197
	1,126,880	**679,367**

$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 ₦1.03 trillion (Dec 2023: ₦0.59 trillion) 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, now SOFR (Secured Overnight Financing Rate), which came into effect in August 2023. and a final settlement date of March 2026.

The original facility of $90 million was increased to $ 100 million on 4 February in 2020 and then again to $ 110 million on 24 May 2021.

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. At the 2024 autumn redetermination which was finalized in early October, the technical and modelling bank calculated a borrowing base of $54.61 million. This was capped at the current available commitment level of $49.5 million.

$50 million Junior reserved based lending (RBL) facility – July 2021

In July 2021, the Group through its subsidiary Westport raised a $50 million offtake facility also secured on Elcrest's assets, including OML 40, in addition to the Senior Reserved Based Lending Facility. The offtake facility has a 6-year tenor, maturing in 2027. As of the period under review, $11 million has been drawn on this facility. The amortised cost for this as at the reporting period is $9.7 million (Dec 2023: $10.2 million), although the principal outstanding is $11 million, with the facility size having reduced to $40 million as at 30 September 2024.

The margin is 2% over the then-prevalent senior margin (resulting in a margin of SOFR, including the CAS, plus 10%). LIBOR rates were replaced by the financial institutions to Secured Overnight Financing Rate (SOFR) plus a credit adjustment spread (CAS) in June 2023.

$350 million Revolving credit facility – September 2022

Seplat Energy Plc's $350 million revolving credit facility was refinanced on 30 September 2022 and is currently undrawn (the "RCF"). The RCF carries interest of 5% over the base rate (SOFR plus applicable credit adjustment spread). The RCF is scheduled to mature in June 2025 but includes an automatic maturity extension until December 2026 once a refinancing of the existing $650 million bond due in April 2026 is implemented. The structure of the RCF amortization profile is currently linked to a bond refinancing so that the bank lenders would be repaid prior to the bond becoming due.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

As the MPNU transaction is yet to be completed, the refinancing of the $650 million bond has not yet occurred. The RCF was amended in August 2024 to ensure that the full $350 million is available for drawing and an immediate repayment would not be required.

23. Trade and other payables

	30 Sept 2024 ₦ million	31 Dec 2023 ₦ million
Trade payable	161,765	109,046
Accruals and other payables	371,347	176,416
NDDC levy	6,688	6,897
Royalties payable	26,936	57,638
Overlift payable	97,125	130,139
	663,861	**480,136**

Included in accruals and other payables are field accruals of ₦139.8 billion (Dec 2023: ₦72 billion), deferred revenue of ₦0.5 billion (Dec 2023: ₦0.36 billion) and other vendor payables of ₦106.2 billion (Dec 2023: ₦72 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 condensed consolidated interim financial statements

For the nine months ended 30 September 2024

24. Computation of cash generated from operations

	Notes	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million
Profit before tax		**366,711**	**62,854**
Adjusted for:			
Depletion, depreciation and amortisation		179,258	70,698
Depreciation of right-of-use asset		5,912	1,814
Impairment losses on financial assets	12.1	4,000	633
Loss on disposal of other property, plant and equipment		11,150	–
Interest income	14	(11,702)	(3,709)
Interest expense on bank loans	22	79,541	28,616
Interest on lease liabilities		1,362	135
Unwinding of discount on provision for decommissioning		6,053	3,327
Unrealised fair value loss/(gain) on derivatives financial instrument	13	(1,564)	(89)
*Realised fair value loss on derivatives	13	6,288	2,316
Unrealised foreign exchange (gain)/loss	10	(25,562)	16,375
Share based payment expenses	21.3	13,688	4,533
Share of (loss)/ profit from joint venture		(30,625)	98
Defined benefit plan	22.4	7,074	1,365
Changes in working capital: (excluding the effects of exchange differences)			
Trade and other receivables		105,443	(18,619)
Inventories		4,823	(297)
Prepayments		8,613	7,075
Contract assets		1,264	(86)
Trade and other payables		(97,970)	36,712
Cash generated from operations		**633,757**	**213,751**

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.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

	9 Months ended 30 Sept 2024 ₦ million	9 Months ended 30 Sept 2023 ₦ million	3 Months ended 30 Sept 2024 ₦ million	3 Months ended 30 Sept 2023 ₦ million
Profit for the period	57,888	23,879	2,303	1,751
(Loss)/profit attributable to Non-controlling interests	(5,112)	23,049	(17,587)	3,146
Profit for the year	**52,776**	**46,928**	**(15,284)**	**4,897**

	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,445	588,445	588,445	588,445
Outstanding share based payments (shares)	–	–	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	588,445	588,445	588,445	588,445

Basic earnings per share for the period	₦	₦	₦	₦
Basic (loss)/earnings per share	98.37	40.58	3.91	2.98
Diluted (loss)/earnings per share	98.37	40.58	3.91	2.98
Profit used in determining basic/diluted earnings per share	57,888	23,879	2,303	1,751

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 3.6 cents per share for the reporting period (2023: 3 cents)

27. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). A.B.C Orjiako (SPDCL(BVI)) and members of his family holds an interest in the Parent company. The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties relates to prior year and are disclosed below.

i. Shareholders of the parent company

Amaze Limited: Dr. A.B.C Orjiako is a director and shareholder of Amaze Limited. The company provided consulting services to Seplat in 2023. Services provided to the Group during the period amounted to nil (Dec 2023: ₦528.3 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 2024 is ₦384 million (Dec 2023: ₦198 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

Under the OML 40 Joint Operating Agreement ('JOA'), the Group is responsible for its share of expenditures incurred on OML 40 in respect of its participating interest, on the basis that the operator's estimated expenditures are reasonably incurred based on the approved work program and budget. From time to time, management disputes such expenditures on the basis that they do not meet these criteria, and when this occurs management accrues at the period end for its best estimate of the amounts payable to the operator. Consequently, the amounts recognised as accruals as of 30 September 2024 reflect management's best estimate of amounts that have been incurred in accordance with the JOA and that will ultimately be paid to settle its obligations in this regard.

However, management recognises there are a range of possible outcomes, which may be higher or lower than the management's estimate of accrued expenditure. It is estimated that around ₦7.29 billion (Dec 2023: ₦4.84 billion) of possible expenditure currently remains under dispute. Management considers the merits for these cost items which remains under dispute.

Management considers the merits for these cost items which remains rejected to be very high, but in recognition of possible range of outcomes has included them in the contingent liability.

29. Events after the reporting period

Subsequent to the reporting period, the Group received Ministerial Consent for the acquisition of the entire issued share capital of Mobil Producing Nigeria Unlimited ('MPNU'). The transaction will be transformational for Seplat Energy, and every effort is now on completing the transaction.

30. Exchange rates used in translating the accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira

	Basis	30 Sept 2024 N/$	30 Sept 2023 N/$	31 Dec 2023 N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical	Historical
Property, plant & equipment – additions	Average rate	1,497.05	590.02	656.64
Property, plant & equipment - closing balances	Closing rate	1601.03	756.96	899.39
Current assets	Closing rate	1601.03	756.96	899.39
Current liabilities	Closing rate	1601.03	756.96	899.39
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	**Overall Average rate**	**1,497.05**	**590.02**	**656.64**

The Naira has witnessed a significant devaluation from Q3-2023 to Q3-2024. The closing and average rates between the periods have changed significantly with a 112% and 154% devaluation in the exchange rates. This devaluation leads to an increase in net assets presented in the Naira financial statements.

Unaudited condensed consolidated interim financial statements for the nine months ended 30 September 2024 (USD)

29 October 2024

Reliable energy,
limitless potential

Condensed consolidation interim statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2024

	Notes	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	$'000	$'000	$'000	$'000
Revenue from contracts with customers	8	715,339	810,367	293,697	263,351
Cost of sales	8	(360,294)	(394,075)	(120,118)	(123,371)
Gross profit		**355,045**	**416,292**	**173,579**	**139,980**
Other income/(loss)	10	21,431	(152,136)	(67,003)	(61,294)
General and administrative expenses	11	(95,881)	(104,526)	(39,275)	(38,677)
Impairment losses on financial assets	12	(2,672)	(1,073)	(1,512)	(1,971)
Fair value losses	13	(3,155)	(3,776)	(124)	(1,612)
Operating profit		**274,768**	**154,781**	**65,665**	**36,426**
Finance income	14	7,817	6,287	2,386	2,271
Finance costs	14	(58,085)	(54,366)	(18,405)	(17,362)
Finance cost - net	14	(50,268)	(48,079)	(16,019)	(15,091)
Share of profit/(loss) from joint venture accounted for using the equity method		20,457	(166)	16,365	(213)
Profit before taxation		**244,957**	**106,536**	**66,011**	**21,122**
Income tax expense	15	(209,703)	(26,991)	(80,665)	(24,203)
Profit/(loss) for the year		**35,254**	**79,545**	**(14,654)**	**(3,081)**
Attributable to:					
Equity holders of the parent		38,668	40,480	(2,093)	(3,031)
Non-controlling interests		(3,414)	39,065	(12,561)	(50)
		35,254	**79,545**	**(14,654)**	**(3,081)**
Earnings per share for the period					
Basic earnings/(loss) per share ($)	25	0.07	0.07	0.00	(0.01)
Diluted earnings/(loss) per share ($)	25	0.07	0.07	0.00	(0.01)

Condensed consolidation interim statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2024

	Notes	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
		Unaudited	Unaudited	Unaudited	Unaudited
		$'000	$'000	$'000	$'000
Profit/(loss) for the year		**35,254**	**79,545**	**(14,654)**	**(3,081)**
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		—	—	—	—
Total comprehensive income for the period (net of tax)		**35,254**	**79,545**	**(14,654)**	**(3,081)**
Attributable to:					
Equity holders of the parent		38,668	40,480	(2,093)	(3,031)
Non-controlling interests		(3,414)	39,065	(12,561)	(50)
		35,254	**79,545**	**(14,654)**	**(3,081)**

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

Condensed consolidated interim statement of financial position

As at 30 September 2024

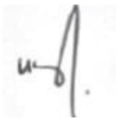
	Notes	30 Sep 2024 Unaudited $'000	31 Dec 2023 Audited $'000
Assets			
Non-current assets			
Oil & gas properties	16	1,680,608	1,629,271
Other Property, plant and Equipment		10,902	28,624
Right-of-use assets		19,033	2,164
Intangible assets		111,593	118,506
Other Assets		90,815	101,711
Investment accounted for using equity method		243,871	223,414
Long-term prepayments		33,824	42,227
Deferred tax assets	15	214,300	290,784
Total non-current assets		**2,404,946**	**2,436,701**
Current assets			
Inventories		49,206	52,428
Trade and other receivables	17	337,059	410,165
Prepayments		13,186	10,536
Contract asset	18	7,205	8,049
Restricted cash	20.2	24,405	27,031
Cash and cash equivalents	20	433,859	450,109
Total current assets		**864,920**	**958,318**
Total assets		**3,269,866**	**3,395,019**
Equity and liabilities			
Equity			
Issued Share Capital	21	1,864	1,864
Share Premium	21	520,431	520,431
Share Based Payment Reserve	21	28,348	34,515
Treasury shares	21.4	(8,276)	(4,286)
Capital Contribution		40,000	40,000
Retained Earnings		1,141,505	1,173,450
Foreign currency translation reserve		2,816	2,816
Non-controlling interest		20,823	24,237
Total shareholder's equity		**1,747,511**	**1,793,027**
Non-current liabilities			
Interest bearing loans and borrowings	22	606,843	666,487
Lease liabilities		11,250	—
Provision for decommissioning obligation		134,674	130,631
Deferred tax liabilities	15	165,828	98,267
Defined benefit plan		6,739	2,013
Total non-current liabilities		**925,334**	**897,398**
Current liabilities			
Interest bearing loans and borrowings	22	97,375	89,244
Lease liabilities		5,990	1,342
Derivatives financial instruments	19	626	1,606
Trade and other payables	23	414,610	533,845
Current tax liabilities		78,420	78,557
Total current liabilities		**597,021**	**704,594**
Total liabilities		**1,522,355**	**1,601,992**
Total shareholders' equity and liabilities		**3,269,866**	**3,395,019**

Condensed consolidated interim statement of financial position

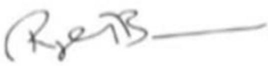
As at 30 September 2024

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

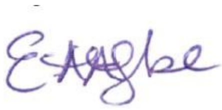
The financial statements of Seplat Energy Plc and its subsidiaries (the Group) for the nine months ended 30 September 2024 were authorised for issue in accordance with a resolution of the Directors on 29 October 2024 and were signed on its behalf by:



U. U. Udoma
FRC/2013/NBA/00000001796
Chairman
29 October 2024



R.T Brown
FRC/2014/PRO/DIR/00000017939
Chief Executive Officer
29 October 2024



E. Adaralegbe
FRC/2017/ICAN/00000017591
Chief Financial Officer
29 October 2024

Condensed consolidated interim statement of changes in equity

For the nine months ended 30 September 2024

	Issued Share Capital	Share Premium	Share Based Payment Reserve	Treasury shares	Capital Contribution	Retained Earnings	Foreign Currency Translation Reserve	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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**
Transactions with owners in their capacity as owners:									
Dividends	–	–	–	–	–	(76,084)	–	–	(76,084)
Share based payments (Note 21)	–	–	7,682	–	–	–	–	–	7,682
Vested shares (Note 21)	5	1,531	(1,536)	–	–	–	–	–	–
Total	**5**	**1,531**	**6,146**	**–**	**–**	**(76,084)**	**–**	**–**	**(68,402)**
At 30 September 2023 (unaudited)	**1,869**	**523,758**	**31,039**	**(4,915)**	**40,000**	**1,154,093**	**2,622**	**22,560**	**1,771,026**
At 1 January 2024	**1,864**	**520,431**	**34,515**	**(4,286)**	**40,000**	**1,173,450**	**2,816**	**24,237**	**1,793,027**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**38,668**	**–**	**(3,414)**	**35,254**
Total comprehensive income/(loss) for the period	–	–	–	–	–	**38,668**	–	**(3,414)**	**35,254**
Transactions with owners in their capacity as owners:					**–**	**–**	**–**	**–**	**–**
Dividend paid	–	–	–	–	–	(70,613)	–	–	(70,613)
Share based payments (Note 21)	–	–	9,143	–	–	–	–	–	9,143
Vested Shares (Note 21)	22	15,288	(15,310)	–	–	–	–	–	–
Issued vested shares	(22)	(15,288)	–	15,310	–	–	–	–	–
Share re-purchase	–	–	–	(19,300)	–	–	–	–	(19,300)
Total	**–**	**–**	**(6,167)**	**(3,990)**	**–**	**(70,613)**	**–**	**–**	**(80,770)**
At 30 September 2024 (unaudited)	**1,864**	**520,431**	**28,348**	**(8,276)**	**40,000**	**1,141,505**	**2,816**	**20,823**	**1,747,511**

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

Condensed consolidated interim statement of cash flows

For the nine months ended 30 September 2024

	Notes	9 Months ended 30 Sept 2024 Unaudited $'000	9 Months ended 30 Sept 2023 Unaudited $'000
Cash flows from operating activities			
Cash generated from operations	24	423,337	362,288
Income tax paid		(64,044)	(60,518)
Restricted cash		2,626	2,778
Contribution to plan assets		–	(4,336)
Hedge premium paid		(4,135)	(3,926)
Net cash inflows from operating activities		**357,784**	**296,286**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties	16	(153,607)	(122,683)
Proceeds from disposal of oil and gas properties*		5,359	8,701
Payment for acquisition of other property, plant and equipment		(3,428)	(2,710)
Proceeds from disposal of other property, plant and equipment**		6,143	–
Receipts from other asset***		10,896	–
Interest received	14	7,817	6,287
Net cash outflows used in investing activities		**(126,820)**	**(110,405)**
Cash flows from financing activities			
Repayments of loans and borrowings	22	(38,509)	(22,000)
Dividend paid	26	(70,613)	(76,084)
Shares purchased -LTIP scheme	21.3	(19,300)	–
Interest paid on lease liability		(910)	(228)
Lease payment - principal portion		(49)	(3,717)
Payments of other financing charges****	22	(6,947)	(8,488)
Interest paid on loans and borrowings	22	(62,516)	(58,097)
Net cash outflows used in financing activities		**(198,844)**	**(168,614)**
Net increase in cash and cash equivalents		32,120	17,267
Cash and cash equivalents at beginning of the year		450,109	404,336
Effects of exchange rate changes on cash and cash equivalents		(48,370)	(30,592)
Cash and cash equivalents at end of the period	20	**433,859**	**391,011**

*Proceeds from disposal of oil and gas properties relates to the disposal of Ubima field
**Proceeds from the disposal of other property, plant and equipment relates to the disposal of the Turnkey rigs
***Receipt from other assets relates to proceeds from financial interest from OML 55..

****Other financing charges of $6.9 million relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

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

2. 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.

On 7 November 2010, 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 11 December 2013, the Group incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

On 11 December 2013, 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 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.

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 the 20 January 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. The Group divested some of its ownership interest in this Company to Nigerian Gas Processing and Transportation Company (NGPTC) which was effective from 18 April 2019, hence this investment qualifies as a joint arrangement and has continued to be recognised as investment in joint venture.

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.

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

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

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

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

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

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas. In 2022, Wester Ord Oil and Gas (Nigeria) divested it's interest in Ubima.

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.

On 26 April 2023, Seplat Gas Company Limited was changed to Seplat Midstream Company Limited. This subsidiary was incorporated to engage in oil and gas exploration and production and gas processing. The company is yet commence operations.

On 14 June 2023, the Group entered into a joint venture agreement with Pol Gas Limited which birthed Pine Gas Processing Limited. Both parties subscribed to equal proportion of ordinary shares. The Company was incorporated for processing natural gas, storage, marketing, transportation, trading, supply and distribution of natural gas and petroleum products derived from natural gas. The company is yet to commence operations.

On 7 August 2024, the Group incorporated a subsidiary, Seplat Energy Investment Limited. The Company was incorporated for oil and gas exploration and production.

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 East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	41619	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect

Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
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
Seplat Midstream Company Limited	11 December 2013	Nigeria	100%	Oil & gas exploration and production and gas processing	Direct
Seplat Energy Investment Limited	7 August 2024	Nigeria	100%	Oil and gas exploration and production	Direct

3. Significant changes in the current accounting period

The following significant changes occurred during the reporting period ended nine months ended 30 September 2024:

- On 1 April 2024, Mr. Udoma Udo Udoma became Independent Non-Executive Chairman and Mr. Bello Rabiu became Senior Independent Non-Executive Director of the Seplat Energy Board.
- On 1 May 2024, Mrs. Eleanor Adaralegbe joined the Board of Seplat as an Executive Director and succeeded Mr. Emeka Onwuka as Chief Financial Officer on 21 May 2024.
- Received Ministerial Consent for acquisition of entire issued share capital of Mobil Producing Nigeria Unlimited ('MPNU'). Targeting completion by year end 2024.

4. Summary of significant accounting policies

4.1 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.

4.2 Basis of preparation

The consolidated financial statements of the Group nine months ended 30 September 2024 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.

4.3 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 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

- What is meant by a right to defer settlement.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's financial statements.

b) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

c) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

4.4 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:

a) Amendments to IFRS 10 and IAS 28: Selection or contribution of assets between an investor or joint venture

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ''business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

b) IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

c) IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

d) Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group’s financial statements.

4.5 Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2024.

The basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2023.

4.6 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.

i. Transaction 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.

Notes to the condensed consolidated interim financial statements

For the nine months ended 30 September 2024

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

ii. Group companies

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

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

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

5. 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.

5.1 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.

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) 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.

d) 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;

1. The difference, if any, between the amount of promised consideration and cash selling price and;
2. 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.

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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 Senior leadership team to assess the financial performance and position of the Group and makes strategic decisions. The Senior leadership team consist of Chief Executive Officer; Chief Financial Officer; Chief Operating Officer; Director New Energy; Technical Director; Managing Director, Seplat West; Managing Director, Seplat East; Managing Director, Elcrest Exploration and Production Limited; Director Legal; Director, Corporate Services; Director, External Affairs and Social Performance, Managing Director, ANOH Gas Processing Company (AGPC); Director , Strategy, Planning and Business Development. See further details in note 7.

5.2 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.

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, and OML 40. 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, 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 (licence) were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset. The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

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

6. Financial risk management

6.1 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 the relevant cash outflows to mitigate any potential foreign exchange risk.
Market risk – interest rate	Long term borrowings at variable rate	Sensitivity analysis	None
Market risk – commodity prices	Derivative financial instruments	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, trade receivables and derivative financial instruments.	Ageing 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

6.1.1 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., NUIMS 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 November 2024. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in 2027.

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

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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 probability of default (PD) and loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sep 2024	30 Sep 2024
	$'000	$'000
Increase/decrease in loss given default		
+10%	**(74)**	–
-10%	**74**	–

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2023	31 Dec 2023
	$'000	$'000
Increase/decrease in loss given default		
+10%	**(158)**	–
-10%	**158**	–

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	Effect on other components of equity before tax
	30 Sep 2024	30 Sep 2024
	$'000	$'000
Increase/decrease in probability of default		
+10%	**(77)**	–
-10%	**77**	–

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2023	31 Dec 2023
	$'000	$'000
Increase/decrease in probability of default		
+10%	**(166)**	**–**
-10%	**166**	**–**

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	Effect on other components of equity before tax
	30 Sep 2024	30 Sep 2024
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	**(77)**	**–**
-10%	**77**	**–**

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2023	31 Dec 2023
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	**(57)**	**–**
-10%	**57**	**–**

6.1.2 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.

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30 Sept 2024	Effective interest rate %	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 5 years $'000	Total $'000
Non-derivatives						
Fixed interest rate borrowings						
650 million Senior notes	7.75%	25,188	700,375	–	–	725,563
Variable interest rate borrowings (bank loans) :						
The Mauritius Commercial Bank Ltd	8% + SOFR	15,366	4,105	–	–	19,471
Stanbic IBTC Bank Plc	8% + SOFR	15,686	4,191	–	–	19,877
Standard Bank of South Africa	8% + SOFR	8,963	2,395	–	–	11,358
First City Monument Ltd (FCMB)	8% + SOFR	4,001	1,069	–	–	5,070
Shell Western Supply & Trading Limited	10.5% +SOFR	1,802	1,802	11,898	–	15,502
Total variable interest borrowings		**45,818**	**13,562**	**11,898**	**–**	**71,278**
Other non-derivatives						
Trade and other payables		414,610				414,610
Lease liability		5,990	11,250			17,240
		420,599	11,250	–	–	431,850
Total		**491,605**	**725,187**	**11,898**	**–**	**1,228,690**

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31 December 2023	Effective interest rate %	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 5 years $'000	Total $'000
Non-derivatives						
Fixed interest rate borrowings						
650 million Senior notes	7.75%	50,375	50,375	675,188	–	775,938
Variable interest rate borrowings (bank loans) :						
The Mauritius Commercial Bank Ltd	8% + SOFR	17,153	15,323	4,099	–	36,575
Stanbic IBTC Bank Plc	8% + SOFR	17,511	15,642	4,185	–	37,338
Standard Bank of South Africa	8% + SOFR	10,006	8,938	2,391	–	21,335
First City Monument Ltd (FCMB)	8% + SOFR	4,467	3,990	1,067	–	9,524
Shell Western Supply & Trading Limited	10.5% +	1,773	1,768	1,768	11,881	17,190
Total variable interest borrowings		**50,910**	**45,661**	**13,510**	**11,881**	**121,962**
Other non-derivatives						
Trade and other payables		533,845				533,845
Lease liabilities		1,342	–			1,342
		535,187	–	–	–	535,187
Total		**636,472**	**96,036**	**688,698**	**11,881**	**1,433,087**

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

6.1.3 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 2024	31 Dec 2023	30 Sept 2024	31 Dec 2023
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	176,975	277,898	176,975	277,898
Contract Asset	7,205	8,049	7,205	8,049
Cash and cash equivalents	433,860	450,109	433,860	450,109
	618,040	736,056	618,040	736,056
Financial liabilities				
Interest bearing loans and borrowings	703,846	755,362	693,171	765,447
Trade and other payables*	353,946	389,149	353,946	389,149
	1,057,792	**1,144,511**	**1,047,117**	**1,154,596**
Financial liabilities at fair value				
Derivative financial instruments	(626)	(1,606)	(626)	(1,606)
	(626)	**(1,606)**	**(626)**	**(1,606)**

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.

6.1.4 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

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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.

7. Segment reporting

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

For the year ended nine months ended 30 September 2024, revenue from the gas segment of the business constituted 13% (2023: 12%) 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.

7.1 Segment profit disclosure

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Oil	(17,825)	82,872	(31,513)	(14,829)
Gas	53,079	(3,327)	16,859	11,748
Total profit/(loss) for the period	**35,254**	**79,545**	**(14,654)**	**(3,081)**

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Oil	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Revenue from contracts with customers				
Crude oil sales (Note 8)	625,157	716,391	264,756	233,106
Cost of sales and general and administrative expenses	(441,158)	(477,432)	(150,954)	(154,923)
*Other income/(losses)	36,583	(85,346)	(57,212)	(58,675)
Operating profit before impairment	220,582	153,613	56,590	19,508
Impairment/(losses)	**4,035**	**1,188**	**(1,048)**	**(953)**
Operating profit	**224,617**	**154,801**	**55,542**	**18,555**
Finance income (Note 14)	7,817	6,287	2,385	2,271
Finance costs (Note 14)	(58,085)	(54,366)	(18,404)	(17,362)
Fair value gain	(3,155)	(3,776)	(124)	(1,612)
Profit before taxation	**171,194**	**102,946**	**39,399**	**1,852**
Income tax expense (Note 15)	(189,020)	(20,074)	(70,913)	(16,681)
(Loss)/profit for the period	**(17,826)**	**82,872**	**(31,514)**	**(14,829)**

*The other income/(losses) for the current period relates to foreign exchange gain of $32 million, underlift of $8 million tariff income of $3m and loss on disposal of PPE of $7 million recorded during the period.

Gas	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Revenue from contracts with customers				
Gas sales (Note 7)	90,182	93,976	28,941	30,245
Cost of sales and general and administrative expenses	(15,018)	(21,168)	(8,440)	(7,125)
*Other losses	(15,152)	(66,791)	(9,791)	(2,618)
Operating profit/loss before impairment	60,012	6,017	10,710	(1,018)
Impairment	**(6,707)**	**(2,261)**	**(464)**	**(1,018)**
Operating profit	**53,305**	**3,756**	**10,246**	**19,484**
Share of profit/(loss) from joint venture accounted for using the equity method	20,457	(166)	16,365	(213)
Profit before taxation	73,762	3,590	26,611	19,271
Income tax expense (Note 15)	(20,683)	(6,917)	(9,752)	(7,523)
Profit for the period	**53,079**	**(3,327)**	**16,859**	**11,748**

*Other losses relates to foreign exchange losses recognised in the reporting period

Impairment losses recognised in the gas segment relates to Geregu Power, Sapele Power and NGMC. See Note 11 for further details. In addition, the Gas segment suffered foreign exchange losses arising from devaluation and therefore 2023 operating profit has been impacted by volatility in Naira exchange to the USD.

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During the reporting period, impairment losses recognised in the oil segment relate to trade receivables and other receivables (Pillar, Pan Ocean, Oghareki, Summit, NEPL and NUIMS).

7.1.1 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 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023
	Oil $'000	Gas $'000	Total $'000	Oil $'000	Gas $'000	Total $'000
Geographical markets						
Bahamas	239,179	–	239,179	243,905	–	243,905
Nigeria	33,704	90,182	123,886	61,424	93,976	155,400
Italy	63,132	–	63,132	4,465	–	4,465
Switzerland	149,540	–	149,540	271,016	–	271,016
Barbados	36,892	–	36,892	23,591	–	23,591
England	102,710	–	102,710	111,990	–	111,990
Revenue from contracts with customers	**625,157**	**90,182**	**715,338**	**716,391**	**93,976**	**810,367**
Timing of revenue recognition						
At a point in time	625,157	–	625,157	716,391	–	716,391
Over time	–	90,182	90,182	–	93,976	93,976
Revenue from contracts with customers	**625,157**	**90,182**	**715,338**	**716,391**	**93,976**	**810,367**

	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023
	Oil $'000	Gas $'000	Total $'000	Oil $'000	Gas $'000	Total $'000
Geographical markets						
Bahamas	111,217	–	111,217	91,520	–	91,520
Nigeria	6,269	28,941	35,210	15,926	30,245	46,171
Italy	–	–	–	–	–	–
Switzerland	77,055	–	77,055	116,253	–	116,253
Barbados	17,952	–	17,952	9,407	–	9,407
England	52,263	–	52,263	–	–	–
Revenue	**264,756**	**28,941**	**293,696**	**233,106**	**30,245**	**263,351**
Timing of revenue recognition						
At a point in time	264,756	–	264,756	233,106	–	233,106
Over time	–	28,941	28,941	–	30,245	30,245
Revenue	**264,756**	**28,941**	**293,696**	**233,106**	**30,245**	**263,351**

The Group's transactions with its major customer, Mercuria, constitutes more than 20% ($149.5 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 ($90 million) accounted for most of the revenue from gas segment.

Seplat Energy

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

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023	9 Months ended 30 Sept 2023
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment gain/(losses) recognised during the period	4,035	(6,707)	(2,672)	1,188	(2,261)	(1,073)

	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023	3 Months ended 30 Sept 2023
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment gain/(losses) recognised during the period	(1,048)	(464)	(1,512)	(953)	(1,018)	(1,971)

7.2 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 2024	2,609,667	660,199	3,269,866
31 December 2023	2,733,153	661,866	3,395,019

7.3 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 2024	1,167,702	354,653	1,522,355
31 December 2023	1,188,609	413,383	1,601,992

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8. Revenue from contract with customers

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Crude oil sales	625,157	716,391	264,756	233,106
Gas sales	90,182	93,976	28,941	30,245
	715,339	**810,367**	**293,697**	**263,351**

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

9. Cost of Sales

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
*Royalties	107,616	141,179	36,617	47,049
Depletion, Depreciation and Amortisation	114,094	116,884	34,935	35,619
Crude handling fees	49,534	46,689	17,746	13,005
Nigeria Export Supervision Scheme (NESS) fee	424	806	179	243
Niger Delta Development Commission	6,322	8,094	2,115	2,026
Barging/Trucking	10,350	11,563	2,312	4,669
Operations & Maintenance Costs	71,954	68,860	26,214	20,760
	360,294	**394,075**	**120,118**	**123,371**

*Royalties have been adjusted by $26.7 million to reflect NUIMS portion linked to its share of production via the Waltersmith refinery in 2023.

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 charge of $19.9 million (2023:$4.4 million). The significant increase in gas flare penalty is attributable to an upward review of gas flare tariff by the government.

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

10. Other income/(loss)

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Underlift/(Overlifts)	8,206	(127,846)	(47,576)	(68,476)
Gain/(loss) on foreign exchange	17,075	(27,754)	(13,229)	6,069
Loss on disposal of property, plant & equipment	(7,448)	–	(7,448)	–
Tariffs	3,137	2,842	1,076	636
Others	461	622	174	477
	21,431	**(152,136)**	**(67,003)**	**(61,294)**

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

Foreign currency gain during the period is primarily driven by the revaluation of Naira denominated crude oil sales to Waltersmith Refinery included in overlift.

Loss on disposal of property, plant & equipment relates to the loss on the sale of the Turnkey rigs.

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

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

11. General and administrative expenses

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	$'000	$'000	$'000	$'000
Depreciation of other property, plant and equipment	5,647	2,941	4,157	1244
Depreciation of right-of-use assets	3,949	3,074	1,511	945
Professional & Consulting Fees	24,855	37,359	8,644	9,595
Auditor's remuneration	595	397	365	10
*Directors' emoluments (executive)	3,125	2,471	780	872
**Directors' emoluments (non - executive)	3,692	2,894	963	559
Employee benefits	28,859	35,293	8,841	12,375
***Share-based benefits	9,143	7,682	3,998	5,578
Flights and other travel costs	6,588	5,040	2,114	1,965
Other general expenses	9,428	7,375	7,902	5,534
	95,881	**104,526**	**39,275**	**38,677**

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

*The increase in Executive Directors' emoluments for the current period, mostly relates to 2023 bonuses under accrued following better performance in 2023.

**The increase in emoluments for Non-Executive Directors in the current period, in comparison to the prior period is attributed to exit payments made to retired Non-Executive Directors included in 2024 performance.

***The increase in share-based benefits for the current period, compared to the previous period, is attributable to the increase in share price in the nine months of 2024 relative to prior period.

11.1 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	62,965	2024

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12. Impairment loss on assets

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Impairment loss on financial assets-net (Note 12.1)	2,672	1,073	1,512	1,971
	2,672	**1,073**	**1,512**	**1,971**

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

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Impairment losses/(reversal) on:				
NUIMS receivables	(761)	453	(583)	375
NEPL receivables	(3,640)	(841)	–	–
Trade receivables (Geregu power, Sapele Power and NGMC)	7,287	1,461	2,036	1,596
Other trade receivables	(214)	–	59	–
Total impairment loss allowance	**2,672**	**1,073**	**1,512**	**1,971**

13. Fair value gain/(loss)

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Realised fair value loss on crude oil hedges	(4,200)	(3,926)	(1,290)	(1,186)
Unrealised fair value gain/(loss) on crude oil hedges	1,045	150	1,166	(426)
	(3,155)	**(3,776)**	**(124)**	**(1,612)**

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

14. Finance income/(cost)

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Finance Income				
Interest income	7,817	6,287	2,386	2,271
Finance Charges				
Interest on bank loan	(50,369)	(48,500)	(16,690)	(15,398)
Other financing charges	(2,763)	–	–	–
Interest on lease liabilities	(910)	(228)	(320)	(76)
Unwinding of discount on provision for decommissioning	(4,043)	(5,638)	(1,395)	(1,888)
	(58,085)	**(54,366)**	**(18,405)**	**(17,362)**
Finance (cost) - net	**(50,268)**	**(48,079)**	**(16,019)**	**(15,091)**

Finance income represents interest on short-term fixed deposits.

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15. 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 in line with the requirements of the standard. The annual tax rate used for the nine months ended 30 September 2024 is 85% for crude oil activities and 30% for gas activities.

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

	9 Months ended 30 Sept 2024	9 Months ended 30 Sept 2023	3 Months ended 30 Sept 2024	3 Months ended 30 Sept 2023
	$'000	$'000	$'000	$'000
Current tax:				
Current tax expense on profit for the year	55,339	44,894	(7,831)	19,021
Education Tax	9,669	8,979	6,181	3,590
NASENI Levy	641	380	163	119
Police Levy	10	5	2	1
Total current tax	**65,659**	**54,258**	**(1,485)**	**22,731**
Deferred tax:				
Deferred tax expense/(credit) in profit or loss (Note 15.1)	144,044	(27,267)	82,150	1,472
Total tax expense/(credit) in profit or loss	**209,703**	**26,991**	**80,665**	**24,203**
Effective tax rate	**86 %**	**25 %**	**122 %**	**115 %**

The income tax expense of $209.7 million for the interim period includes a current tax charge of $65.7 million and a deferred tax charge of $144 million based on the 2024 effective tax rate (ETR) of 86%.

15.1 Deferred tax

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

	Balance as at 1 January 2024	(Charged) /credited to profit or loss	Balance as at 30 September 2024
	$'000	$'000	$'000
Deferred tax assets	290,784	(76,483)	214,300
Deferred tax liabilities	(98,267)	(67,561)	(165,828)
	192,517	**(144,044)**	**48,472**

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

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For the nine months ended 30 September 2024

16. Oil and gas properties

During the nine months ended 30 September 2024, the Group invested $153.6 million (Dec 2023: $43.9 million) on additions to oil and gas properties.

17. Trade and other receivables

	30 Sept 2024	31 Dec 2023
	$'000	$'000
Trade receivables (Note 17.1)	86,730	103,117
Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables (Note 17.2)	47,530	124,588
NNPC Upstream Investment Management Services (NUIMS) receivables (Note 16.3)	(904)	20,475
*Underlift	13,169	–
Advances to suppliers-others	18,614	3,967
Advance for New Business (Note 17.6)	128,300	128,300
Receivables from ANOH (Note 17.5)	659	628
Other receivables (Note 17.4)	42,961	29,090
	337,059	**410,165**

*Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income.

17.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $11.2 million (Dec 2023: $13 million), Sapele Power $7.0 million (Dec 2023: $6.1 million), MSN Energy $12.6 million (Dec 2023: $3.6 million), Nigerian Gas Marketing Company $0.3 million (Dec 2023: $1.4 million), Azura Power $3.0 million (Dec 2023:nil) and Transcorp Power $1.4 million (Dec 2023:nil), totalling $35.5 million (Dec 2023: $24.1 million) with respect to the sale of gas.

Also included in trade receivables are receivables due from Pillar of $24.4 million (Dec 2023: $6.4 million), Mercuria nil (Dec 2023: $4.6 million), Shell Western $15.6 million (Dec 2023: $70.3 million), Waltersmith $5.9 million (Dec 2023: $12.2 million) for sale of crude and $21.5 million (Dec 2023: $2.2 million) for others.

Reconciliation of trade receivables

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Balance as at 1 January	119,939	68,131
Additions during the year	717,687	1,015,777
Receipt for the year	(725,289)	(942,737)
Exchange difference	(9,579)	(21,232)
Gross carry amount	102,758	119,939
Less: Impairment allowance	(16,028)	(16,822)
Balance as at the end of the period	**86,730**	**103,117**

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Reconciliation of impairment allowance on trade receivables

	9 Months ended 30 Sept 2024 $'000	31 Dec 2023 $'000
Loss allowance as at 1 Jan	16,822	24,560
Increase in loss allowance	7,287	3,259
Exchange difference	(8,081)	(10,997)
Loss allowance as at the end of the period	**16,028**	**16,822**

17.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is $47.5 million (Dec 2023: $124.6 million).

Reconciliation of NEPL receivables

	9 Months ended 30 Sept 2024 $'000	31 Dec 2023 $'000
Balance as at 1 January	129,444	93,602
Additions during the year	262,120	343,670
Receipts during the year	(341,363)	(316,334)
Exchange difference	(1,834)	8,506
Gross carrying amount	48,367	129,444
Less: impairment allowance	(837)	(4,856)
Balance as at the end of the period	**47,530**	**124,588**

Reconciliation of impairment allowance on NEPL receivables

	9 Months ended 30 Sept 2024 $'000	31 Dec 2023 $'000
Loss allowance as at 1 Jan	4,856	3,280
Increase in loss allowance	(3,640)	1,870
Exchange difference	(379)	(294)
Loss allowance as at the end of the period	**837**	**4,856**

17.3 NUIMS receivables

Reconciliation of NUIMS receivables

	9 Months ended 30 Sept 2024 $'000	31 Dec 2023 $'000
Balance as at 1 January	21,236	35,316
Additions during the year	25,298	38,475
Receipts during the year	(37,795)	(40,470)
Exchange difference	(9,643)	(12,085)
Gross carrying amount	(904)	21,236
Less: impairment allowance	–	(761)
Balance as at the end of the period	**(904)**	**20,475**

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Reconciliation of impairment allowance on NUIMS receivables

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Loss allowance as at 1 Jan	761	849
Increase in loss allowance	(761)	348
Exchange difference	–	(436)
Loss allowance as at the end of the period	**–**	**761**

17.4 Other receivables

Reconciliation of other receivables

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Balance as at 1 January	83,086	105,924
Receipts during the year	29,000	12,916
Addition during the year	(10,088)	(25,868)
Exchange difference	(3,329)	(9,886)
Gross carrying amount	98,669	83,086
Less: impairment allowance	(55,708)	(53,996)
Balance as at end of the period	**42,961**	**29,090**

Reconciliation of impairment allowance on other receivables

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Loss allowance as at 1 January	53,996	57,280
Increase in loss allowance during the period	(214)	1,322
Exchange difference	1,926	(4,606)
Loss allowance as at end of the period	**55,708**	**53,996**

Other receivables include sundry receivables, WHT receivables, staff receivables, Nigerian Gas Company (NGC) VAT receivables, Oghareki CHC receivables. Non-financial assets recognised under other receivables such as WHT receivables and NGC VAT receivables have not been subjected to impairment.

*Foreign exchange revaluation impact relates to the revaluation of receivable balances denominated in currencies other than the US Dollars. These balances are required to be revalued at the end of every reporting period.

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For the nine months ended 30 September 2024

17.5 Receivables from joint venture (ANOH)

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Balance as at 1 January	6,662	11,604
Additions during the year	505	1,381
Receipts for the year	(416)	(1,396)
Exchange difference	(2,258)	(4,927)
Gross carrying amount	**4,493**	**6,662**
Less: Impairment reversal/(charge)	(3,834)	(6,034)
Balance as at 30 September	**659**	**628**

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

	9 Months ended 30 Sept 2024	31 Dec 2023
	Unaudited	Unaudited
Receivables from joint venture (ANOH)	$'000	$'000
Loss allowance as at 1 January	6,034	296
Increase in loss allowance during the period	–	5,738
Exchange difference	(2,200)	–
Loss allowance as at end of the period	**3,834**	**6,034**

17.6 Advances for New Business

Advances for new business include deposit for investment of $128.3 million (Dec 2023: $128.3 million) towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

18. Contract assets

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Revenue on gas sales	7,490	8,334
Impairment loss on contract assets	(285)	(285)
	7,205	**8,049**

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, NGMC, Transcorp Power, MSN Energy and Asherxino Limited for the delivery of gas supplies and Waltersmith for delivery of oil which these customers have 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. While that of oil sales is 10 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystalises. The right to the unbilled receivables is recognised as a contract asset. At the point where the certificates are received and upon volume reconciliations with offtakers, this will be reclassified from contract assets to trade receivables.

18.1 Reconciliation of contract assets

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

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Balance as at 1 January 2024	8,334	7,811
Additions during the period	158,264	159,631
Amounts billed during the period	(159,108)	(159,108)
Gross revenue on gas sales	7,490	8,334
Impairment	(285)	(285)
Balance as at the end of the period	**7,205**	**8,049**

19. 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 2024	31 Dec 2023
	$'000	$'000
Opening Balance	(1,606)	(2,135)
Unrealised fair value (Note13)	1,045	894
Premium Accrued	(430)	(365)
Prior year - premium paid	365	–
	(626)	(1,606)

20. 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 2024	31 Dec 2023
	$'000	$'000
Cash on hand	–	–
Short-term fixed deposits	36,721	101,636
Cash at bank	397,383	348,719
Gross cash and cash equivalents	**434,104**	**450,355**
Loss allowance	(245)	(246)
Net cash and cash equivalents	**433,859**	**450,109**

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20.1 Reconciliation of impairment allowance on cash and cash equivalents

	30 Sept 2024	31 Dec 2023
	$'000	$'000
Loss allowance as at 1 January	246	246
Decrease in loss allowance during the period	(1)	–
Loss allowance as at the end of the period	**245**	**246**

20.2 Restricted cash

	30 Sept 2024 Unaudited	31 Dec 2023 Unaudited
	$'000	$'000
Restricted cash	24,405	27,031
	24,405	**27,031**

20.3 Movement in restricted cash

	30 Sept 2024	31 Dec 2023
	$'000	$'000
(Decrease)/increase in restricted cash	(2,626)	3,087
	(2,626)	**3,087**

Included in the restricted cash balance is $2 million and $21 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 $0.4 million for unclaimed dividend and a garnishee order of $0.5 million.

These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

21. Share capital

21.1 Authorised and issued share capital

	30 Sept 2024	31 Dec 2023
	$'000	$'000
Authorised ordinary share capital		**–**
588,444,561 ordinary shares denominated in Naira of 50 kobo per share	1,864	1,864
Issued and fully paid		
588,444,561 (Dec 2023:588,444,561) issued shares denominated in Naira of 50 kobo per share	1,864	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.

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21.2 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 2024	**588,444,561**	**1,864**	**520,431**	**34,515**	**(4,286)**	**552,524**
Additions to share based during the period	–	–	–	9,143	–	9,143
Vested shares during the period	18,643,732	22	15,288	(15,310)		–
Issued vested shares	(18,643,732)	(22)	(15,288)	–	15,310	–
Share repurchased	–	–	–	–	(19,300)	(19,300)
Closing balance as at 30 September 2024	**588,444,561**	**1,864**	**520,431**	**28,348**	**(8,276)**	**542,367**

Shares repurchased for employees during the year of $19.3 million (Dec 2023: $1.5 million) relates to 9.3 million shares purchased for the Company's Long-Term Incentive Plan. The shares are held by the Trustees under the Trust for the benefit of the Company's employee beneficiaries covered under the Trust.

21.3 Employee share-based payment scheme

As at 30 September 2024, the shares awards granted by the Group to Executive Directors and confirmed employees which are yet to vest is 53,624,002 shares (Dec 2023: 56,047,932 shares).

21.4 Treasury shares

This relates to shares purchased from the market to fund the 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.

22. Interest bearing loans and borrowings

22.1 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 September 2024:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	$'000	$'000	$'000
Balance as at 1 January 2024	89,244	666,487	755,731
Interest accrued	50,369	–	50,369
Interest capitalised	6,090	–	6,090
Principal repayment	(38,509)	–	(38,509)
Interest repayment	(62,516)	–	(62,516)
Other financing charges	(6,947)	–	(6,947)
Transfers	59,644	(59,644)	–
Carrying amount as at 30 September 2024	**97,375**	**606,843**	**704,218**

Interest bearing loans and borrowings is made up of $703.8 million, relating to EIR interest bearing loans and $0.4 million relating to accrued commitment fees on the undrawn $350 million Revolving Credit Facility (RCF).

Below is the reconciliation on interest bearing loans and borrowings 31 December 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	53,325	–	53,325
Interest capitalized	16,256	–	16,256
Other financing charges (Commitment fees)	7,694	–	7,694
Principal repayment	(22,000)	–	(22,000)
Interest repayment	(61,610)	–	(61,610)
Other financing charges	(8,137)	–	(8,137)
Transfers	29,394	(29,394)	–
Balance as at 31 December 2023	**89,244**	**666,487**	**755,731**

22.2 Amortised cost of borrowings

	9 Months ended 30 Sept 2024	31 Dec 2023
	$'000	$'000
Senior loan notes	644,399	654,164
Senior reserve-based lending (RBL) facility	49,707	90,992
Junior reserve-based lending (RBL) facility	9,740	10,206
	703,846	**755,362**

$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 $644.4 million (Dec 2023: $654.2 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, now SOFR (Secured Overnight Financing Rate), which came into effect in August 2023. and a final settlement date of March 2026.

The original facility of $90 million was increased to $ 100 million on 4 February in 2020 and then again to $110 million on 24 May 2021.

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. At the 2024 autumn redetermination which was finalized in early October, the technical and modelling bank calculated a borrowing base of $54.61 million. This was capped at the current available commitment level of $49.5 million.

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For the nine months ended 30 September 2024

$50 million Junior reserved base lending (RBL) facility – July 2021

In July 2021, the Group through its subsidiary Westport raised a $50 million offtake facility also secured on Elcrest's assets, including OML 40, in addition to the Senior Reserved Based Lending Facility. The offtake facility has a 6-year tenor, maturing in 2027. As of the period under review, $11 million has been drawn on this facility. The amortised cost for this as at the reporting period is $9.7 million (Dec 2023: $10.2 million), although the principal outstanding is $11 million, with the facility size having reduced to $40 million as at 30 September 2024.

The margin is 2% over the then-prevalent senior margin (resulting in a margin of SOFR, including the CAS, plus 10%). LIBOR rates were replaced by the financial institutions to Secured Overnight Financing Rate (SOFR) plus a credit adjustment spread (CAS) in June 2023.

$350 million Revolving credit facility – September 2022

Seplat Energy Plc's $350 million revolving credit facility was refinanced on 30 September 2022 and is currently undrawn (the "RCF"). The RCF carries interest of 5% over the base rate (SOFR plus applicable credit adjustment spread). The RCF is scheduled to mature in June 2025 but includes an automatic maturity extension until December 2026 once a refinancing of the existing $650 million bond due in April 2026 is implemented. The structure of the RCF amortization profile is currently linked to a bond refinancing so that the bank lenders would be repaid prior to the bond becoming due. As the MPNU transaction is yet to be completed, the refinancing of the $650 million bond has not yet occurred. The RCF was amended in August 2024 to ensure that the full $350 million is available for drawing and an immediate repayment would not be required.

23. Trade and other payables

	30 Sept 2024 $'000	31 Dec 2023 $'000
Trade payable	101,038	121,244
Accruals and other payables	231,907	196,150
NDDC levy	4,177	7,669
Royalties payable	16,824	64,086
Overlift payable	60,664	144,696
	414,610	**533,845**

Included in accruals and other payables are field accruals of $87.3 million (Dec 2023: $80 million), deferred revenue of $0.03 million (Dec 2023: $0.41 million) and other vendor payables of $66.4 million (Dec 2023: $46.2 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.

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For the nine months ended 30 September 2024

24. Computation of cash generated from operations

	Notes	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000
Profit before tax		**244,957**	**106,536**
Adjusted for:			
Depletion, depreciation and amortisation		119,741	119,825
Depreciation of right-of-use asset		3,949	3,074
Impairment losses on financial assets	12.1	2,672	1,073
Loss on disposal of other property, plant and equipment		7,448	–
Interest income	14	(7,817)	(6,287)
Interest expense on bank loans	22	53,132	48,500
Interest on lease liabilities		910	228
Unwinding of discount on provision for decommissioning		4,043	5,638
Unrealised fair value loss/(gain) on derivatives financial instrument	13	(1,045)	(150)
*Realised fair value loss on derivatives	13	4,200	3,926
Unrealised foreign exchange (gain)/loss	10	(17,075)	27,754
Share based payment expenses	21.3	9,143	7,682
Share of (loss)/ profit from joint venture		(20,457)	166
Defined benefit plan	22.4	4,725	2,313
Changes in working capital: (excluding the effects of exchange differences)			
Trade and other receivables		70,434	(31,556)
Inventories		3,222	(503)
Prepayments		5,753	11,992
Contract assets		844	(145)
Trade and other payables		(65,442)	62,222
Cash generated from operations		**423,337**	**362,288**

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.

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For the nine months ended 30 September 2024

	9 Months ended 30 Sept 2024 $'000	9 Months ended 30 Sept 2023 $'000	3 Months ended 30 Sept 2024 $'000	3 Months ended 30 Sept 2023 $'000
Profit for the period	38,668	40,480	(2,093)	(3,031)
(Loss)/profit attributable to Non-controlling interests	(3,414)	39,065	(12,561)	(50)
Profit for the year	**35,254**	**79,545**	**(14,654)**	**(3,081)**

	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,445	588,445	588,445	588,445
Outstanding share based payments (shares)	–	–	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	588,445	588,445	588,445	588,445

Basic earnings per share for the period	$	$	$	$
Basic (loss)/earnings per share	0.07	0.07	–	(0.01)
Diluted (loss)/earnings per share	0.07	0.07	–	(0.01)
Profit used in determining basic/diluted earnings per share	38,668	40,480	(2,093)	(3,031)

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 3.6 cents per share for the reporting period (2023: 3 cents)

27. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). A.B.C Orjiako (SPDCL(BVI)) and members of his family holds an interest in the Parent company. The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties relates to prior year and are disclosed below.

i. Shareholders of the parent company

Amaze Limited: Dr. A.B.C Orjiako is a director and shareholder of Amaze Limited. The company provided consulting services to Seplat in 2023. Services provided to the Group during the period amounted to nil (Dec 2023: $587.4 thousand).

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 2024 is $0.24 million (Dec 2023: $0.22 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

Under the OML 40 Joint Operating Agreement ('JOA'), the Group is responsible for its share of expenditures incurred on OML 40 in respect of its participating interest, on the basis that the operator's estimated expenditures are reasonably incurred based on the approved work program and budget. From time to time, management disputes such expenditures on the basis that they do not meet these criteria, and when this occurs management accrues at the period end for its best estimate of the amounts payable to the operator. Consequently, the amounts recognised as accruals as of 30 September 2024.

reflect management's best estimate of amounts that have been incurred in accordance with the JOA and that will ultimately be paid to settle its obligations in this regard.

However, management recognises there are a range of possible outcomes, which may be higher or lower than the management's estimate of accrued expenditure. It is estimated that around $4,554,745 (Dec 2023: $5,384,235) of possible expenditure currently remains under dispute. Management considers the merits for these cost items which remains under dispute.

Management considers the merits for these cost items which remains rejected to be very high, but in recognition of possible range of outcomes has included them in the contingent liability.

29. Events after the reporting period

Subsequent to the reporting period, the Group received Ministerial Consent for the acquisition of the entire issued share capital of Mobil Producing Nigeria Unlimited ('MPNU'). The transaction will be transformational for Seplat Energy, and every effort is now on completing the transaction.