Unaudited results for the nine months ended 30 September 2021

28 October 2021

Reliable energy,
limitless potential

Lagos and London, 28 October 2021: Seplat Energy Plc ("Seplat Energy" or "the Company"), a leading Nigerian independent energy company listed on both the Nigerian Exchange Limited and the London Stock Exchange, announces its unaudited results for the nine months ended 30 September 2021.

Operational highlights

- YTD working-interest production of 47,280 boepd down 6.7% year on year largely as a result of the shut-in of the Forcados Oil Terminal (FOT) in August (Q3: 40,381 boepd)
- Liquids production down 16.6% year on year at 27,804 bopd, recovering to 33kbopd liquids in October
- Gas production up 13% to 113 MMscfd, despite FOT impact on associated gas
- Completed two gas wells and three oil wells in the period, new Gbetiokun wells performing strongly

Financial highlights (9M 2021)

- Revenue after adjusting for an underlift was $535 million
- EBITDA of $266.4 million
- Cash generated from operations $163.8 million
- Cash at bank $273.9 million, net debt of $479.8 million
- Total capital expenditure of $83.9 million
- Interim dividend of 2.5 cents ($0.025)

Corporate updates

- Name changed to Seplat Energy Plc to reflect new strategic vision outlined in July; new branding launched in October
- Acquisition of Cardinal Drilling rigs for $36 million and cessation of legal proceedings by Access Bank

Outlook for 2021

- Expected production narrowed to 48-50 kboepd for full year, subject to market conditions
- Amukpe-Escravos Pipeline (AEP) commissioning has commenced, oil flow expected in December 2021
- Capex now expected to be $167 million for the full year
- ANOH project remains on track for first gas in H1 2022

Roger Brown, Chief Executive Officer, said:

"Production has recovered strongly since the outage at Forcados Oil Terminal (FOT) and we have been averaging nearly 33kbopd liquids throughout October. Now that production has normalised, we expect production to be in the range 48-50 kboepd for the year, provided uptime on the Forcados Pipeline and FOT remains above the budgeted 80%. I'm pleased to report that our new wells at Gbetiokun are performing strongly, and we will soon commence drilling the exciting Sibiri prospect on OML40.

We have taken the difficult, but practical decision to bring an end to the uncertainty of the Access Bank legal dispute regarding Cardinal Drilling Services, which completes the Board-mandated removal of Related Party Transactions. Although we maintain our previously stated position that legal action against the Company was wholly without merit, the risk of significant disruption to our operations and other opportunities from a long, drawn-out legal case brought us to a negotiated settlement with Access Bank. We have therefore acquired the four Cardinal rigs and we are now focusing on fast tracking their deployment in future drilling campaigns. `

Our business model is robust, despite setbacks in the third quarter, thanks to the prudent and flexible approach we have taken to managing the business. With an increased focus on efficiency in our operations, improving uptime by opening up the Amukpe to Escravos Pipeline and driving further cost reduction across our portfolio, this will provide the bedrock allowing us to operate effectively in fluctuating commodity prices and generate returns for shareholders. I am optimistic that the coming year will be much stronger, with many of the problems of the past put behind us.

After we set out our future strategy in July's Capital Markets Day and launched our new corporate name of Seplat Energy plc, complete with its new branding, we are now focusing on building out and executing the energy transition that is right for Nigeria. A strong step forward will be when we bring on stream the ANOH project next year delivering more transition gas to an energy poor market, over reliant on expensive, high carbon-emitting electricity generated from small-scale diesel and PMS generators. Our three-pillar strategy is designed to ensure we balance carbon emission reduction with the essential social agenda for undeniably the most under-electrified, youngest and fastest growing population on earth.

Seplat Energy's focus is clear: "Reliable energy, limitless potential".

Summary of performance

	$ million			₦ billion	
	9M 2021	9M 2020	% change	9M 2021	9M 2020
Revenue	460.4	387.8	18.7%	182.7	135.6
Gross profit	146.5	90.6	61.7%	58.1	31.7
Impairment of assets *	(6.9)	(179.7)	96.2%	(2.7)	(62.8)
EBITDA **	266.4	205.6	29.6%	105.7	71.9
Operating profit (loss)	157.8	(79.3)	299.0%	62.6	(27.7)
Profit (loss) before tax	97.4	(130.1)	174.9%	38.6	(45.5)
Operating cash flow	163.8	197.8	(17.1%)	64.9	74.8
Working interest production (boepd)	47,280	50,653	(6.7%)		
Average realised oil price ($/bbl)	67.43	38.60	74.7%		
Average realised gas price ($/Mscf)	2.86	2.88	(0.7%)		

* Includes $158.2 million impairment on revaluation of assets and $21.4 million impairment of financial assets in 2020

** Adjusted for non-cash items

Outlook for 2021

Liquids production has recovered strongly following the outage and force majeure at Forcados and after averaging approximately 33 kbopd liquids in October, we expect the Group's full-year liquids and gas production to be in the range 48-50 kboepd, assuming 80% uptime.

We expect to introduce liquids into the Amukpe-Escravos Pipeline in December, which will provide a secure and reliable alternative export route and reduce our reliance on the TFP, which has caused significant problems in the past.

Following its successful funding, the completion of the ANOH project remains a major priority and we expect first gas to be achieved in H1 2022, at lower cost than originally estimated at FID.

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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Notes to editors

Seplat Energy Plc is Nigeria's leading indigenous energy company. It is listed on the Nigerian Exchange Limited (NGX: SEPLAT) and the Main Market of the London Stock Exchange (LSE: SEPL).

Seplat Energy is pursuing a Nigeria-focused growth strategy and is well positioned to participate in future asset divestments by international oil companies, farm-in opportunities, and future licensing rounds. The Company is a leading supplier of gas to the domestic power generation market. For further information please refer to the Company website, http://seplatenergy.com/

Operating review

HSE performance

Staff and contractors worked a total of 5.6 million man-hours with no fatalities, lost-time injuries or major injuries in the period. The Company has achieved 26 million hours without LTI on assets operated by Seplat Energy. There were 64 HSE incidents in total, compared to 66 in 9M 2020, including two reportable spills and six gas leaks, all of which were remediated with limited environmental impact. By the end of September, we had conducted 9,348 Covid-19 tests, with a positivity rate of 2.2%. We continue to enforce all Covid-19 control protocols at our field operations and offices, with no major Covid-19 related incidents.

Working-interest production for the nine months ended 30 September 2021

		9M 2021			9M 2020		
		Liquids[1]	Gas	Oil equivalent	Liquids	Gas	Oil equivalent
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45.0%	17,722	113	37,197	20,731	100	38,057
OML 40	45.0%	5,058	-	5,058	8,285	-	8,285
Ubima	88.0%	719	-	719	866	-	866
OPL 283	40.0%	1,004	-	1,004	914	-	914
OML 53	40.0%	3,302	-	3,302	2,531	-	2,531
Total		**27,804**	**113**	**47,280**	**33,327**	**100**	**50,653**

1. Liquid production volumes as measured at the LACT unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station. Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

Average working-interest production for the first nine months of 2021 was 47,280 boepd (12.9 MMboe), down 6.7% on the same period in 2020. Within this, liquids production was down 16.6% to 27,804 bopd, impacted by decreased production from the Western Assets owing to the disruption caused by the suspension of exports at the Forcados Oil Terminal (FOT), as well as previously reported delays in replacing the MT Harcourt storage vessel on OML40, which reduced exports from the asset in Q1 2021. However, gas production increased by 13% to 113 MMscfd for the nine-month period (9M 2020: 100 MMscfd).

The impact of an unplanned 40% downtime for one full month in the third quarter of the FOT (as against budgeted downtime of 20%) amounted to a loss of c.885 kbbls of oil in the third quarter from OMLs 40, 4, 38 and 41. Consequently, there was 74% uptime for the Trans Forcados Pipeline during the nine-month period and the produced liquid volumes from OMLs 4, 38 and 41 were subject to reconciliation losses of 11.3%.

Oil business performance

Seplat Energy's oil operations produced 7.6 MMbbls on a working-interest basis in 9M 2021 (9M 2020: 9.1 MMbbls). Oil production in the third quarter was affected by the curtailment of production and suspension of export operations from OMLs 4, 38, 41 and 40, after Shell Petroleum Development Company Limited (SPDC) declared a force majeure at the Forcados Oil Terminal on 13 August because of a failure of the loading buoy around the terminal export pipeline. Production uptime recorded for the third quarter was 60% as repairs took longer than planned, with the resumption of normal operations and exports commencing 14 September. Previously, delays in siting a new storage vessel at OML 40 to replace the MT Harcourt, which was damaged in November 2020, resulted in significantly lower volumes in the first quarter.

The average price realised per barrel in the period was $67.43 (9M 2020: $38.60), following the recovery of Brent prices on the receding threat from the Covid-19 pandemic and the resultant return of global economic activity.

OPEC+ quotas

During the period, Nigeria's quota stood at 1.6 million barrels per day excluding condensates. However, the country's production has trended below allocated production, largely due to downtime on major pipelines, crude oil theft and several operational challenges leading to production capacity constraints in the assets.

Following the July meeting, OPEC+ agreed an increased oil output of 1.8 million barrels for Nigeria, which restores all the production cuts imposed when the Covid-19 pandemic started in 2020. The new quota, which excludes condensates, will take effect from 2022.

Update on Amukpe-Escravos export route

The production shut-in at FOT in the third quarter has heightened the urgency to access the Escravos export terminal. The construction of the entire pipeline system, including its metering facilities, is effectively complete and we have commenced the commissioning process. This process involves functional testing of key components and operating systems integration with the receiving terminal facilities. After we have flushed and removed the water from the pipeline, we expect to introduce hydrocarbons into the line in December 2021 and lift our crude via the Escravos terminal upon completion of the crude handling agreements (CHA) with Chevron. The availability of this more secure underground pipeline will significantly improve our assets' production uptime compared with the TFP (74% in 9M 2021) and reduce losses from crude theft and reconciliation (11.3% in 9M 2021).

Gas business performance

Seplat Energy's working-interest gas production for the period was 113 MMscfd at an average selling price of $2.86/Mscf (9M 2020: 100 MMscfd, $2.88/Mscf). The Gas business contributed 41.2% of Group volumes on a boepd basis, and 19.7% of the Group's revenue. The impact of the disruption in production on gas volumes in the third quarter was minimal when a force majeure was declared by SPDC at the Forcados Oil Terminal (FOT). However, the Associated Gas (AG) station units were put on standby due to FOT outage.

Gas pricing

The price of gas for power generation (Domestic Supply Obligation), which accounts for about 30% of our gas volumes, was reduced from $2.50/Mscf to $2.18/Mscf in July 2021 (implemented in August 2021) following a review exercise of the gas pricing framework in Nigeria between the Federal Government and the organised labour unions including the OPTS, NGA and other stakeholders. As part of the process to stabilise the sector, the Government has taken various measures to address challenges with domestic gas utilisation as well as pricing and fiscal policy issues limiting adoption. It is expected that the lower gas price will translate to a reduced electricity tariff for the end consumer and will improve collection for the entire value chain, as well as stimulating growth in demand.

The regulated Domestic Supply Obligation (DSO) price of $2.18/Mscf is expected to remain until a transition to a 'willing buyer/willing seller' regime in 2023 for a fully deregulated market. We have assessed the business and economic impact of the price reduction on Seplat Energy's gas portfolio and this price review may result in a reduction of the average weighted gas price to around $2.67/Mscf in 2022. With some 20GW -25GW of power being generated from imported diesel and PMS at 4-5 times the cost of on-grid gas generated power (currently 4GW – 5GW), we are confident that this will be a temporary position as the regime changes in 2023 to a willing buyer/willing seller model.

ANOH Gas Processing Plant

The ANOH Gas Processing Plant development at OML 53 (and adjacent OML 21 with which the upstream project is unitised) will drive the next phase of growth for Seplat Energy's expanding gas business. The project comprises a phase one 300 MMscfd midstream gas processing plant.

The ANOH plant is being built by AGPC, which is an Incorporated Joint Venture (IJV) owned equally between Seplat Energy and the Nigerian Gas Company ("NGC"), a wholly owned subsidiary of the Nigerian National Petroleum Corporation ("NNPC"). In February 2021, AGPC successfully raised $260 million in debt to fund the completion of the ANOH project. The project is now fully funded following completion of equity investments of $210 million by each partner ($420 million combined).

ANOH is one of Nigeria's most strategic gas projects. It will help Nigeria to accelerate its transition away from small-scale diesel generators to cleaner, less expensive fuels such as natural gas for power generation and LPG for cooking instead of biomass.

The upstream development, including the drilling of six production wells, will be delivered by the upstream unit operator SPDC. SPDC commenced drilling two wells as part of the four wells planned to be drilled in 2021 to supply the two midstream plants. We expect that the two wells initially drilled will be completed this year and the other two pushed back to 2022.

We are closely monitoring the completion of the 23km spur line and OB3 pipeline, developed by our partner NGC, to ensure that global supply constraints and construction challenges do not lead to delays in first gas by H1 2022. We have been reassured by our partner that both projects will be delivered on a timeline that ensures first gas is delivered on schedule.

We plan to commence installation of equipment in the fourth quarter, with mechanical completion and pre-commissioning in Q1 2022, and have first gas flowing to customers by the end of H1 2022. The initial total project cost was budgeted at $700 million but following a cost optimisation programme, the AGPC construction cost is now expected to be no more than $650 million, inclusive of financing costs and taxes and is significantly lower than the original projected cost at FID.

Sapele Gas Plant

Work continues on the new Sapele Gas Plant, which is now expected to be completed in the first half of 2023, with Sapele's processing capacity increasing from 60 MMscfd to 75 MMscfd. The upgraded facility will produce gas that meets export specifications, and the LPG processing unit module will enhance the economics of the plant, as well as ensuring that gas flaring is eliminated. We are currently accelerating the installation of the AG compressors at Sapele, which will reduce the gas flares at the site.

Drilling programme

During the period, we completed the Oben-50 and Oben-51 gas wells, which are now producing at a combined gross rate of c. 60 MMscfd of gas and 4,000 bpd of condensates. The Umuseti-07 well was successfully completed in August and is producing c.2,000 bopd gross.

The three-well Gbetiokun drilling programme is ongoing. The Gbetiokun-06 well commenced production in August with additional production of c. 4,000 bopd, taking Gbetiokun to a peak gross production of approximately 12,000 bopd. Gbetiokun-07 was completed and the hook-up is in progress. The third well Gbetiokun-08 will be spudded in October and gross production from the three wells upon completion is expected to be around 10,500 bopd. Given the strong production of the Gbetiokun wells, we are examining evacuation options to accommodate 16,000 – 20,000 bopd from OML 40 when these new wells start producing and are looking to increase our storage capacity from the current 24 kbbls on the vessel currently stationed there.

Despite persistent adverse weather we have progressed preparation of the Owu appraisal well in OML 53 and have completed project activities associated with preparation for drilling the Sibiri (formerly called Amobe) exploration well in OML40.

We also plan to complete gas wells on Oben-44 and 46 in the fourth quarter; upon completion they are expected to produce 60 MMscfd and 2,400 bpd gross combined.

COVID-19 response

The direct impact of Covid-19 has been less severe in Nigeria than in many other countries. We continue to monitor developments, the health and safety of our employees, contractors, communities, partners and other stakeholders remain top priority. We have implemented preventative measures across all Seplat Energy sites, designed to protect our stakeholders whilst ensuring we can continue to provide the energy and fuels that Nigeria needs. The measures have been very successful to date since the pandemic struck early last year with no major incident recorded.

We will continue to monitor the rapidly changing dynamics and the impact of Covid-19 to comply with all State and Federal Government directives to help protect the health and safety of our stakeholders across all Seplat Energy locations. Employees are encouraged to take advantage of the vaccination schedule as was organised by the OPTS medical subcommittee in collaboration with the Lagos State Government.

PIA 2021

Nigeria's Petroleum Industry Bill was signed into law on 16 August 2021, shortly after the bill received legislative approval from both the Senate and the House of Representatives. The assent by the Executive enacts the Petroleum Industry Act, 2021 (PIA 2021) as the superseding policy to provide legal, governance, regulatory and fiscal frameworks for the Nigerian petroleum industry, the development of host communities, and related matters. The PIA 2021 also repeals existing Acts and makes transitional and savings provisions to accommodate instances of licensees that may choose not to convert until their current license expires.

We have reviewed the fiscal provisions of the Act, and a multi-disciplinary project team has been commissioned to review the impact of Seplat Energy entering the new PIA regime, versus the benefits of remaining in the current fiscal regime until the expiry of our licenses. The analyses will be based on the life-cycle data of all the assets and the result of the review will inform management's decision on whether Seplat Energy converts to the PIA regime or remains in the current tax regime.

Acquisition of Cardinal Drilling rigs and conclusion of legal proceedings with Access Bank

On 3 December 2020, Seplat Energy reported that the ongoing debt recovery action by Access Bank against Cardinal Drilling Services Ltd ("Cardinal Drilling"), a related party of Seplat Energy, had led to the closure of its headquarters in Lagos (RNS 5019H). At that time, Seplat Energy stated there was no basis to have made it a party to the litigation as it was neither a shareholder in Cardinal Drilling nor had any outstanding loan obligations or guarantees to Access Bank. It did not at any time make any commitments or guarantees in respect of Cardinal Drilling's loan obligations to Access Bank. That position remains unchanged.

Access Bank commenced action against Seplat Energy in November 2020 through an ex parte injunction at the Federal High Court because it has certain shareholders in common with Cardinal Drilling. As a result, on 2 December 2020, access to Seplat Energy's corporate headquarters in Lagos and some of Seplat Energy's bank accounts were disrupted in connection with an injunctive order in relation to the court case by Access Bank in respect of the indebtedness of Cardinal Drilling, in which Access Bank was seeking to recover $85 million plus costs.

Although the Lagos Division of the Court of Appeal suspended the injunctive order on 22 January 2021, restoring access to its office and bank accounts, Access Bank appealed to the Supreme Court, where the matter awaits a hearing date.

In a worst-case scenario, were the Supreme Court to rule in favour of Access Bank, Seplat Energy will have no further recourse until the substantive case is heard in the Federal High Court. During this time, Seplat Energy could face significant disruption to its day-to-day operations including closure of its headquarters and bank accounts until the underlying case is resolved.

To avoid significant disruption to its business and to bring a period of uncertainty to an end, Seplat Energy has agreed to acquire four drilling rigs from the receiver/manager appointed by Access Bank over the assets of Cardinal Drilling Services Limited. The acquisition of these rigs, when deployed, should help to optimise drilling costs for Seplat Energy.

Consequently, the parties have agreed to end all legal actions regarding the outstanding loan owed by Cardinal Drilling to Access Bank, which could have persisted as an ongoing distraction for Seplat Energy, with the potential to disrupt its financial and commercial operations.

While we reiterate that the underlying action was without merit and against the principles of corporate veil, an unfavourable outcome in Nigeria's court system may result in a significantly higher settlement when the underlying case is heard.

The negotiated $36 million consideration for the rigs will be funded out of already restricted funds (excluded from previous cash flow statements) held at Access Bank and the Federal High Court of Nigeria, as disclosed in previous quarterly results.

Seplat Energy remains committed to the highest standards of corporate governance. In March we announced that the Board had decided to adopt Nigeria's strict definition of 'Related Parties' and eliminate all related-party transactions (RPT) as defined by the end of 2021.

We have taken legal advice to ensure that no other related-party matters pose any legal threat to the Company's financial or commercial operations.

Q3 2021 interim dividend

The Board has approved a Q3 2021 interim dividend of US2.5 cents per share (subject to appropriate WHT) to be paid to shareholders whose names appear in the Register of Members as at the close of business on 15 November 2021.

Board appointment

Dr. Emma FitzGerald was appointed as an Independent Non-Executive Director of the Company, joining the Seplat Board with effect from 1st August 2021.

Dr. FitzGerald brings vast knowledge in important areas such as the energy sector, renewables and sustainability, with hands-on experience in transformation through her many years of working at Shell, ranging from building its lubricants business in China to running its Global Retail network. From 2007-2010, she was accountable for Shell's Downstream strategy and played a key role in reshaping Shell's renewables strategy including the creation of Raizen, a biofuels JV with

Cosan. From 2013 to 2018 she ran gas distribution and water & waste networks for National Grid and Severn Trent where she successfully positioned them as sustainability thought leaders in their industries.

Most recently Dr. FitzGerald served as CEO of Puma Energy International, a global energy company owned by Trafigura and Sonangol, which is focused on high potential developing markets in Africa, Asia and Central America. In 2020 she set up Puma's Future Energies division to play a critical role in helping customers and communities find the right energy solutions to support the energy transition. Over the last 10 years she has served on various Boards in executive and non-executive capacities and currently sits on the board of UPM Kymmene, an international paper & biomaterials business focused on innovating for a future beyond fossil fuels.

Financial review

Revenue and production

Total revenue for the period, was $460.4 million, up 18.7% from the $387.8 million achieved in 2020. Crude oil revenue was $369.5 million (9M 2020: $305.6 million) a 20.9% increase compared to 2020, reflecting higher realised oil prices of $67.4/bbl for the period (9M 2020: $38.6/bbl) despite lower production. A $74.7 million oil underlift, representing 919 kbbls, was recorded under other income in the period, compared to $39.1 million in 9M 2020. Consequently, total revenue for the period after adjusting for an underlift was $535.1 million.

Total working-interest oil production volume for the period was 7.6 MMbbls (9M 2020: 9.1 MMbbls) with the total volume of crude lifted in the period being 5.5 MMbbls. The lower volume resulted from the disruption caused by the suspension of exports at the Forcados terminal. The Company experienced TFP reconciliation losses of 11.3% for the nine-month period, but we expect the effects of losses and downtime to fall when the delayed Amukpe-Escravos underground pipeline comes onstream.

Gas sales revenue increased by 10.6% to $90.9 million (9M 2020: $82.2 million), due to higher gas sales volumes of 30.8 Bscf compared to 27.5 Bscf in 9M 2020, which is reflective of the new gas wells brought onstream during the period and the full operations of the Oben gas plant, which underwent a turnaround maintenance in Q1 2020. Gas sales contributed 19.7% of total Group revenue in the period (9M 2020: 21.2%) and the average realised gas price was $2.86/Mscf (9M 2020: $2.88/Mscf).

Gross profit

Gross profit increased to $146.5 million (9M 2020: $90.6 million) due to higher revenues. Cost of sales in the period was $313.9 million (H1 2020: $297.2 million). Production evacuation from the Gbetiokun fields resulted in barging costs of $7.5 million; the higher operational and maintenance costs of $79.1 million include unaccrued late charges of $13m related to the OML 40 asset operated by NPDC. On a cost-per-barrel equivalent basis, production opex was higher at $9.7/boe (9M 2020: $8.7/boe), due to the additional costs noted above and the TFP downtime experienced in the third quarter. Non-production costs, primarily consisting of royalties and DD&A, were $183.5 million compared to $172.7 million in the prior year and reflect the higher oil prices during the period.

General and administrative expenses of $53.9 million (9M 2020: $52.4 million) were comparable to the previous year when administrative activities dropped due to the Covid-19 pandemic, and also reflect the effect of cost-reduction initiatives (such as office maintenance, telecommunication, travel and logistics) across the business.

Operating profit

The operating profit was $157.8 million (9M 2020: $79.3 million operating loss resulting mainly from the $160.9 million impairment charges) after recognising other income of $1.5 million (the fee from use of Group's pipeline to the Warri refinery) and underlift of $74.7 million (shortfalls of crude lifted below the share of production, which is priced at date of lifting).

There was a $5.5 million reversal of decommissioning obligation no longer required for Eland in the period. We achieved an EBITDA of $266.4 million in the period, adjusted for non-cash items (9M 2020: $205.6 million).

Net result

The net finance charge was $61.1 million and included one-off transaction fees of $16.4 million associated with the debt restructuring carried out in the period.

The profit before tax was $97.4 million (9M 2020: $130.1 million loss before tax). The Company's tax expense for the period was $62.3 million, compared to a tax credit of $33.8 million for the same period in 2020. The tax expense is made up of a deferred tax expense of $39.9 million and a current tax charge of $22.4 million.

The net profit for 9M 2021 was $35.0 million (9M 2020: $96.3 million net loss).

The resultant basic EPS was $0.11 in 9M 2021, compared to $0.10 basic loss per share in 9M 2020.

Cash flows from operating activities

Net cash flows from operating activities, after movements in working capital, were $144.5 million, lower than $187.4 million in 9M 2020 partly due to an increase in restricted cash at the end of the period related to a $20 million bank guarantee filed by Seplat Energy in line with an order from the Court of Appeal in January 2021. An income tax payment of $12.4 million was made in the period.

Seplat Energy received $160 million from its JV partner NPDC towards the settlement of its Naira and USD cash calls. We have continued engagements with NPDC to ensure their cash call obligations are met as due. The NPDC receivable was $70 million at the end of September 2021 (December 2020: $107 million).

Cash flows from investing activities

Capital expenditures in the period were $83.9 million, comprising $41.9 million drilling costs in relation to the completion of two Oben gas wells, two Gbetiokun oil wells, pre-drill and ongoing drilling operations costs and associated facilities development, and engineering costs of $40.7 million. Gas project costs included the Sapele Gas Plant upgrade project.

In accordance with the revised OML 55 commercial arrangement that was agreed in July 2016, which provides for a discharge sum of $330 million to be paid to Seplat Energy over a six-year period through allocation of crude oil volumes produced from OML 55, Seplat Energy received payments amounting to $4.9 million in the period. Recovery in the period is below expectations and impacted by significant sabotage along the NCTL and TNP pipelines, with a theft factor of up to 60% recorded in September. The next lifting due to Seplat Energy is scheduled for December 2021 and we continue to work with BelemaOil to optimise production and sustain recovery of the remaining discharge amount. Out of $330m, $129.9 million has been recovered with $200.1m outstanding.

After adjusting for interest receipts, the net cash outflow from investing activities for the period was $79.1 million, compared to a net cash outflow in 2020 of $131.8 million, when there was a joint venture payment of $30.0 million for additional equity contribution towards the ANOH Gas Processing Plant project.

Cash flows from financing activities

Net cash outflows from financing activities were $70.6 million (9M 2020: $180.5 million). This reflects the debt restructuring where the Group offered senior notes of $650 million. The gross proceeds of the notes were used to redeem the existing $350 million senior notes and to repay in full drawings of $250 million RCF. In the third quarter, $11 million was drawn on the $50 million off-take facility to support drilling operations at Elcrest. Payments of other financing charges and interest totalled $82.3 million and the dividend payment for the period totalled $58.4 million, net of withholding taxes.

Net debt reconciliation at 30 September 2021	$ million	Coupon	Maturity
Senior notes*	635.0	7.75%	April 2026
Westport RBL*	108.9	Libor+8%	March 2026
Off-take facility*	9.8	Libor+10.5%	April 2027
Total borrowings	753.7		
Cash and cash equivalents	273.9		
Net debt	**479.8**		

* including amortised interest

Overall, Seplat Energy's aggregate indebtedness was $753.7 million at 30 September 2021, with cash at bank of $273.9 million, leaving net debt at $479.8 million.

Senior notes

During the period, 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 RCF for general corporate purposes, and to pay transaction fees and expenses. The RCF remains available for drawing if required.

Reserve-Based Loan (RBL) refinancing

Eland's existing RBL was consolidated into the Group's balance sheet in 2020. The initial RBL was entered into in November 2018, via the Group's subsidiary Westport, and was a five-year loan agreement with interest payable semi-annually. 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 that 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.

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. As part of the new agreement, the debt utilised and interest rate remain unchanged at $100 million and 8% + LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025).

On 24 May 2021 Westport drew down a further $10 million increasing the debt utilised under the RBL from $100 million to $110 million. The amortised cost for this as at the reporting period is $108.9 million (Dec 2020: $98.6 million), although the principal is $110 million.

On July 19, 2021, the Group announced that its wholly owned subsidiary, Westport Oil Limited, had successfully raised a $50 million offtake linked reserved based lending facility due April 2027 (the "Offtake Facility"). The Offtake Facility is subordinated to the $110 million senior reserve-based lending facility (the "RBL"). The Offtake Facility carries initial interest of Libor + 10.5% payable semi-annually and is scheduled to commence repayment from March 2023.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. The hedging programme consists of up-front and deferred premium put options as follows: for Q4 2021, 1.0 MMbbls at a strike price of $45/bbl and 1.0 MMbbls at a strike price of $50/bbl and for Q1 2022, 1.0mmmbls are protected at $50/bbl and 1.0mmbbls are protected at $55/bbl. The Board and management team continue to 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.

Share dealing Policy

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

Substantial interest in shares

At 29 October 2021, the following shareholders held more than 5.0% of the issued share capital of the Company:

Shareholder	Shares	%
MPI	120,400,000	20.46
Petrolin	81,015,319	13.77
Professional Support Limited [2]	47,929,438	8.15
Allan Gray	42,132,806	7.16
Sustainable Capital	37,545,199	6.70

Directors' interest in shares

In accordance with Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004, the interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) are as follows:

	31-Dec-19	31-Dec-20		29-Oct-21	
	No. of Ordinary Shares	No. of Ordinary Shares	As a % of Ordinary Shares in issue	No. of Ordinary Shares	As a % of Ordinary Shares in issue
A.B.C. Orjiako[1]	37,818,522	37,818,522	6.43%	37,818,522	6.43%
Austin Avuru[2]	71,727,906	60,098,823	10.21%	48,248,176	8.20%
Roger Brown	2,022,363	2,840,585	0.48%	3,224,702	0.55%
Effiong Okon	0	0	0.00%	0	0.00%
Bello Rabiu	0	0	0.00%	0	0.00%
Oliver De Langavant	0	0	0.00%	0	0.00%
Arunma Oteh	0	0	0.00%	0	0.00%
Charles Okeahalam	495,238	495,238	0.08%	495,238	0.08%
Basil Omiyi	495,238	495,238	0.08%	495,238	0.08%
Prof. Fabian Ajogwu	0	0	0.00%	0	0.00%
Emeka Onwuka	0	0	0.00%	0	0.00%
Emma FitzGerald	0	0	0.00%	0	0.00%
Xavier Rolet	0	0	0.00%	0	0.00%
Nathalie Delapalme	0	0	0.00%	0	0.00%
Total	**112,559,267**	**101,748,406**	**17.32%**	**90,281,876**	**15.34%**

1. 24,318,522 ordinary shares are held directly by A.B.C. Orjiako and Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family; 900,000 ordinary shares are held by Pursley Resources Limited, a company owned by A.B.C. Orjiako's wife; and 12,600,000 ordinary shares are held directly by A.B.C. Orjiako's siblings.

2. During the period 410,128 LTIP awards for Austin Avuru were released to him and transferred to Professional Support Limited. The Company received a notification on 26 March 2021 of a transfer of 19,760,794 ordinary shares held by Platform Petroleum Limited to various beneficiaries who are Shareholders of Platform Petroleum Limited and they are therefore no longer considered to be connected persons. Amongst these beneficiaries, Professional Support Limited (an entity wholly controlled by Mr. Avuru), received a total of 7,422,770 ordinary shares. Following these transfers, Platform Petroleum now holds 318,738 shares (0.05%), and Professional Support holds 47,929,438 shares (8.15%). Consequently, Mr. Avuru now holds nil direct interest and an indirect interest of 48,248,176 ordinary shares (8.20%) of N0.50k in the Company.

Interim management statement and condensed consolidated interim results

For the nine months ended 30 September 2021

(Expressed in Nigerian Naira)

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

For the nine months ended 30 September 2021

	Notes	9 months ended 30 Sept 2021 Unaudited ₦ million	9 months ended 30 Sept 2020 Unaudited ₦ million	3 Months ended 30 Sept 2021 Unaudited ₦ million	3 Months ended 30 Sept 2020 Unaudited ₦ million
Revenue from contracts with customers	7	182,677	135,622	62,233	55,516
Cost of sales	8	(124,550)	(103,936)	(38,786)	(36,747)
Gross profit		**58,127**	**31,686**	**23,447**	**18,769**
Other income/ (loss)	9	32,546	14,773	6,888	(2,849)
General and administrative expenses	10	(21,379)	(18,330)	(7,166)	(1,994)
Impairment loss on financial assets	11.1	(2,728)	(7,498)	(2,441)	(3,383)
Impairment loss on non-financial assets	11.2	-	(55,339)	-	(4,267)
Fair value (loss)/gain	12	(3,954)	6,964	(816)	4,692
Operating profit/(loss)		**62,612**	**(27,744)**	**19,912**	**10,968**
Finance income	13	9	711	5	110
Finance cost	13	(24,228)	(18,828)	(5,709)	(6,292)
Finance cost-net		(24,219)	(18,117)	(5,704)	(6,182)
Share of profit/(loss) from joint venture accounted for using the equity method		236	374	195	(435)
Profit/(loss) before taxation		**38,629**	**(45,487)**	**14,403**	**4,351**
Income tax (expense)/credit	14	(24,733)	11,805	(14,625)	(251)
Profit/(loss) for the period		**13,896**	**(33,682)**	**(222)**	**4,100**
Attributable to:					
Equity holders of the parent		26,326	(20,370)	8,107	4,100
Non-controlling interests		(12,430)	(13,312)	(8,329)	-
		13,896	**(33,682)**	**(222)**	**4,100**
Earnings/(loss) per share					
Basic earnings/(loss) per share (₦)	27	45.16	(35.12)	13.91	7.07
Diluted earnings/(loss) per share (₦)	27	44.74	(34.62)	13.78	6.97

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

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

For the nine months ended 30 September 2021

	Notes	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020
		Unaudited	Unaudited	Unaudited	Unaudited
		₦ million	₦ million	₦ million	₦ million
Profit /(loss) for the period		**13,896**	**(33,682)**	**(222)**	**4,100**
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		50,735	127,464	601	32,311
Total comprehensive income for the period		**64,631**	**93,782**	**379**	**36,411**
Attributable to:					
Equity holders of the parent		77,061	108,228	8,708	36,411
Non-controlling interests		(12,430)	(14,446)	(8,329)	-
		64,631	**93,782**	**(379)**	**36,411**

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

Interim condensed consolidated statement of financial position

As at 30 September 2021

		30 Sept 2021	31 Dec 2020
		Unaudited	Audited
Assets	Notes	₦' million	₦ million
Non-current assets			
Oil & gas properties	15	659,568	609,475
Other property, plant and equipment		4,424	5,330
Right-of-use assets		3,133	3,965
Intangible assets	16	22,187	22,301
Other assets		46,217	44,630
Investment accounted for using equity accounting	17	91,709	84,642
Long-term prepayments		27,203	23,463
Deferred tax	14	306,877	289,877
Total non-current assets		**1,161,318**	**1,083,683**
Current assets			
Inventories		29,889	28,337
Trade and other receivables	18	113,452	96,774
Prepayments		1,547	1,385
Contract assets	19	3,315	2,343
Cash and cash equivalents	21	112,482	98,315
Total current assets		**260,685**	**227,154**
Total assets		**1,422,003**	**1,310,837**
Equity and Liabilities			
Equity			
Issued share capital	22	296	293
Share premium		90,287	86,917
Share based payment reserve		4,350	7,174
Capital contribution		5,932	5,932
Retained earnings		215,145	211,790
Foreign currency translation reserve		382,024	331,289
Non-controlling interest		(23,488)	(11,058)
Total shareholders' equity		**674,546**	**632,337**
Non-current liabilities			
Interest bearing loans and borrowings	23	284,685	229,880
Lease Liabilities		1,900	1,591
Provision for decommissioning obligation		64,747	61,795
Deferred tax liabilities		228,323	202,020
Defined benefit plan		5,483	4,063
Total non-current liabilities		**585,138**	**499,349**
Current liabilities			
Interest bearing loans and borrowings	23	24,809	35,518
Lease Liabilities		552	679
Trade and other payables	24	118,071	130,468
Derivative financial instruments	20	2,096	626
Contract liabilities	25	3,889	3,599
Current tax liabilities		12,902	8,261
Total current liabilities		**162,319**	**179,151**
Total liabilities		**747,457**	**678,500**
Total shareholders' equity and liabilities		**1,422,003**	**1,310,837**

Interim condensed consolidated statement of financial position - continued

As at 30 September 2021

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

The Group financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the third quarter ended 30 September 2021 were authorised for issue in accordance with a resolution of the Directors on 28 October 2021 and were signed on its behalf by

A. B. C. Orjiako	R.T. Brown	E.Onwuka
FRC/2013/IODN/00000003161	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28 October 2021	28 October 2021	28 October 2021

Interim condensed consolidated statement of changes in equity

For the nine months ended 30 September 2021

	Issued share capital	Share premium	Share based payment reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2020	289	84,045	8,194	5,932	259,690	202,910	(7,252)	553,808
Loss for the period	-		-	-	(20,370)	-	(13,312)	(33,682)
Other comprehensive income/(loss)	-	-	-	-	-	128,598	(1,134)	127,464
Total comprehensive (loss)/income for the period	-	-	-	-	(20,370)	128,598	(14,446)	93,782
Transactions with owners in their capacity as owners:								
Dividends paid	-	-	-	-	(10,280)	-	-	(10,280)
Share based payments	4	3,328	(854)	-	-	-	-	2,478
Total	4	3,328	(854)	-	(10,280)	-	-	(7,802)
At 30 Sept 2020 (unaudited)	**293**	**87,373**	**7,340**	**5,932**	**229,040**	**331,508**	**(21,698)**	**639,788**
At 1 January 2021	293	86,917	7,174	5,932	211,790	331,289	(11,058)	632,337
Profit/(loss) for the period	-	-	-	-	26,326	-	(12,430)	13,896
Other comprehensive income	-	-	-	-	-	50,735	-	50,735
Total comprehensive income/(loss) for the period	-	-	-	-	26,326	50,735	(12,430)	64,631
Transactions with owners in their capacity as owners:								
Unclaimed dividend	-	-	-	-	204	-	-	204
Dividend paid	-	-	-	-	(23,175)	-	-	(23,175)
Share based payments	-	-	2,192	-	-	-	-	2,192
Vested shares	3	3,370	(5,016)	-	-	-	-	(1,643)
Total	3	3,370	(2,824)	-	(22,971)	-	-	(22,422)
At 30 Sept 2021 (unaudited)	**296**	**90,287**	**4,350**	**5,932**	**215,145**	**382,024**	**(23,488)**	**674,546**

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

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2021

	Notes	9 months ended 30 Sept 2021 ₦'Million Unaudited	9 months ended 30 Sept 2020 ₦' million Unaudited
Cash flows from operating activities			
Cash generated from operations	26	64,978	74,806
Income tax paid		(5,058)	(3,629)
Hedge premium paid		(2,582)	-
Net cash inflows from operating activities		**57,338**	**71,177**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties		(33,088)	(39,936)
Payment for acquisition of other property, plant and equipment		(240)	(1,280)
Investment in joint venture		-	(11,385)
Receipts from other asset		1,943	1,798
Interest received		9	711
Net cash outflows from investing activities		**(31,376)**	**(50,092)**
Cash flows from financing activities			
Repayments of loans and borrowings		(238,089)	(37,950)
Proceeds from loans and borrowings		266,263	3,795
Dividend paid		(23,175)	(11,084)
Lease payment		(355)	(1,243)
Interest paid on loans and borrowings		(24,527)	(22,022)
Payments of other financing charges*		(8,132)	-
Net cash outflows from financing activities		**(28,015)**	**(68,504)**
Net decrease in cash and cash equivalents		(2,053)	(47,419)
Cash and cash equivalents at beginning of the period		85,554	100,184
Effects of exchange rate changes on cash and cash equivalents		6,899	23,222
Cash and cash equivalents at end of the period		**90,400**	**75,987**

Total cash and cash equivalents amount to ₦112.5 billion consisting of ₦90.4 billion unrestricted and ₦22.1 billion restricted cash. For the purposes of the cash flow statements, the restricted cash balance has been excluded from the cash and cash equivalents.

Restricted cash balance of ₦22.1 billion consist of:

- ₦5.3 billion set aside in the stamping reserve account for the revolving credit facility;
- ₦8.5 billion of funds deposited in Access bank Plc bank accounts in the ordinary course of business which has been unilaterally restricted by Access bank Plc in connection with the court case between Seplat Energy Plc and Access Bank Plc; and
- a cash-backed guarantee of ₦8.3 billion set aside with Zenith Bank Plc to fulfil the requirement of an order of the Court of Appeal, to seek the release of any order relating to the case between Seplat Energy Plc and Access Bank Plc.

*Other financing charges consists of ₦6.5 billion transaction costs, ₦0.9 billion refinancing cost and ₦0.7 billion commitment fees incurred on the $650 million senior notes, $110 million Reserve Based Lending Facility and the $350 million Revolving Credit Facility respectively.

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

Notes to the interim condensed consolidated financial statements

1. Corporate Structure and business

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

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

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

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

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

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta (Seplat East Onshore Limited), from Chevron Nigeria Ltd for ₦79.6 billion.

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

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

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

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

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

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

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

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

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

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

Notes to the interim condensed consolidated financial statements - continued

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.

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	100%	Oil & gas exploration and production	Direct
Seplat Petroleum Development Company UK Limited	21 August 2014	United Kingdom	100%	Technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	100%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 September 2021:

- During the period, the Group offered 7.75% senior notes with an aggregate principal of ₦266.6 billion 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 ₦133 billion 9.25% senior notes due in 2023, to repay in full drawings of ₦95 billion under the existing ₦133 billion revolving credit facility for general corporate purposes, and to pay transaction fees and expenses. The revolving credit facility remains available for drawings if required.
- 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 24 May 2021, the Group drew down a further ₦4.1 billion increasing the debt utilised under the Reserved based lending (RBL) from ₦36.1 billion to ₦40.2 billion.
- In July 2021, the Group raised a ₦20.5 billion offtake lined to Reserve Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. As of the period under review, ₦4.4 billion has been drawn on this facility.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

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

3.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the third quarter ended 30 September 2021 have been prepared in accordance with the accounting standard IAS 34 Interim financial reporting. This interim condensed consolidated financial statement does not include all the notes normally included in an annual financial statement of the Group. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

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

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

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

3.3 New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

a) Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

The amendments also permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness. In addition, the amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the interim condensed consolidated financial statements of the Group as (i) it does not have any interest rate hedge relationships; and (ii) the cessation date for publication of the IBORs to which the borrowings are exposed is expected to be after 31 December 2021.

3.4 Standards issued but not yet effective

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

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IFRS 3 Business Combination: Reference to the Conceptual Framework - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 37 Onerous Contracts: Costs of Fulfilling a Contract - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IFRS 1 First-time Adoption of IFRS: Subsidiary as a first-time adopter – Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Amendments to IAS 41 Agriculture - Taxation in fair value measurements - Effective date for annual periods beginning on or after 1 January 2022
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023

3.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2021.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2020.

3.6 Functional and presentation currency

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

i. Transactions and balances

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

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

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

Notes to the interim condensed consolidated financial statements - continued

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.

4. Significant accounting judgements estimates and assumptions

4.1 Judgements

Management judgements at the end of the third quarter are consistent with those disclosed in the 2020 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this interim consolidated financial statement.

i. OMLs 4, 38 and 41

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

ii. Deferred tax asset

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

iii. Lease liabilities

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

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million (Seplat's 45% share of $100 million), which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

iv. Foreign currency translation reserve

The Group has used the CBN rate to translate its Dollar currency to its Naira presentation currency. Management has determined that this rate is available for immediate delivery. If the rate used was 10% higher or lower, revenue in Naira would have increased/decreased by ₦18.3 billion, 2020: ₦13.6 billion.

v. Consolidation of Elcrest

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

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

vi. Revenue recognition

Performance obligations

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

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

Significant financing component

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

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

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

Transactions with Joint Operating arrangement (JOA) partners

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

Exploration and evaluation assets

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

Segment reporting

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

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

4.2. Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2020 annual financial statements.

The following are some of the estimates and assumptions made.

i. Defined benefit plans (pension benefits)

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

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

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

ii. Oil and gas reserves

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

iii. Share-based payment reserve

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

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

iv. Provision for decommissioning obligations

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

v. Property, plant and equipment

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

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

The Group uses 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.

vi. Useful life of other property, plant and equipment

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

vii. Income taxes

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

viii. Impairment of financial assets

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

ix. Intangible asset

The contract based intangible assets were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset.

The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

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

5. Financial risk management

5.1 Financial risk factors

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

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

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

5.1.1 Credit risk

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

a) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria, Vitol, Eni Trading 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 expires in February 2022, while payment term is 10 days in the Eni off-take agreement (OML53 – Jisike Field) which expires in December 2021. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and National Petroleum Investment Management Services (NAPIMS).

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

The credit risk on cash is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The 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.

Notes to the interim condensed consolidated financial statements - continued

i. Significant unobservable inputs

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

	Effect on profit before tax 30 Sept 2021	Effect on other components of equity before tax 30 Sept 2021
	N'million	N'million
Increase/decrease in loss given default		
+10%	(715)	-
-10%	715	-

	Effect on profit before tax 31 Dec 2020	Effect on other components of equity before tax 31 Dec 2020
	N'million	N'million
Increase/decrease in loss given default		
+10%	(285)	-
-10%	285	-

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

	Effect on profit before tax 30 Sept 2021	Effect on other components of equity before tax 30 Sept 2021
	N'million	N'million
Increase/decrease in probability of default		
+10%	(676)	-
-10%	676	-

Notes to the interim condensed consolidated financial statements - continued

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2020	31 Dec 2020
	N'million	N'million
Increase/decrease in probability of default		
+10%	(188)	-
-10%	188	-

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 Sept 2021	30 Sept 2021
	N'million	N'million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(19)	-
-10%	19	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2020	31 Dec 2020
	N'million	N'million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(230)	-
-10%	230	-

5.1.2 Liquidity risk

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

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

	Effective interest rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
30 Sept 2021						
Non - derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**20,973**	**20,973**	**20,973**	**309,027**	**371,946**
Variable interest borrowings						
The Mauritius Commercial Bank Ltd	8.0% +LIBOR	1,293	4,382	6,440	7,629	19,744
The Stanbic IBTC Bank Plc	8.0% +LIBOR	1,320	4,473	6,575	7,788	20,156
The Standard Bank of South Africa Limited	8.0% +LIBOR	754	2,556	3,757	4,450	11,517
First City Monument Bank Limited	8.0% +LIBOR	337	1,141	1,677	1,987	5,142
Shell Western Supply and Trading Limited	10.5% +LIBOR	483	923	875	4,411	6,692
Total variable interest borrowings		**4,187**	**13,475**	**19,324**	**26,265**	**63,251**
Other non - derivatives						
Trade and other payables**		118,075	-	-	-	118,075
Lease liability		655	1,944	620	28	3,247
Total		**143,890**	**36,392**	**40,917**	**335,320**	**556,519**

Notes to the interim condensed consolidated financial statements - continued

	Effective interest rate	Less than 1 year	1 - 2 year	2 - 3 years	3 - 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2020						
Non - derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	-	-	133,000	-	133,000
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +LIBOR	724	10,133	-	-	10,857
Nedbank Limited London	6.0% +LIBOR	724	10,133	-	-	10,857
Stanbic IBTC Bank Plc	6.0% +LIBOR	362	5,067	-	-	5,429
The Standard Bank of South Africa Limited	6.0% +LIBOR	362	5,067	-	-	5,429
RMB International (Mauritius) Limited	6.0% +LIBOR	724	10,133	-	-	10,857
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	724	10,133	-	-	10,857
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	543	7,600	-	-	8,143
Standard Chartered Bank	6.0% +LIBOR	543	7,600	-	-	8,143
Natixis	6.0% +LIBOR	543	7,600	-	-	8,143
Société Générale, London Branch	6.0% +LIBOR	271	3,800	-	-	4,071
Zenith Bank Plc	6.0% +LIBOR	271	3,800	-	-	4,071
United Bank for Africa Plc	6.0% +LIBOR	271	3,800	-	-	4,071
First City Monument Bank Limited	6.0% +LIBOR	271	3,800	-	-	4.071
FBNQuest	8.0%+LIBOR	1,140	2,993	428	-	4,561
The Mauritius Commercial Bank Ltd	8.0% +LIBOR	3,268	8,579	1,226	-	13,073
Stanbic IBTC Bank Plc/ The Standard Bank of South Africa Limited	8.0% +LIBOR	5,092	13,367	1,910	-	20,369
Total variable interest borrowings		**15,833**	**113,605**	**3,564**	**-**	**133,002**
Other non - derivatives						
Trade and other payables**		130,468	-			130,468
Lease liability		933	895	731	25	2,584
		131,401	895	731	25	133,052
Total		**147,234**	**114,500**	**137,295**	**25**	**399,054**

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

Notes to the interim condensed consolidated financial statements - continued

5.1.3 Fair value measurements

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

	Carrying amount		Fair value	
	As at 30 Sept 2021 ₦ million	As at 31 Dec 2020 ₦ million	As at 30 Sept 2021 ₦ million	As at 31 Dec 2020 ₦ million
Financial assets at amortised cost				
Trade and other receivables*	113,452	58,398	113,452	58,398
Contract assets	3,315	2,343	3,315	2,343
Cash and bank balances	112,482	98,315	112,482	98,315
	229,249	**159,056**	**229,249**	**159,056**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	309,494	265,398	306,477	277,170
Trade and other payables**	118,071	93,537	118,071	93,537
	427,565	**358,935**	**424,548**	**370,707**
Financial liabilities at fair value				
Derivative financial instruments	2,096	626	2,096	626
	2,096	**626**	**2,096**	**626**

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

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

5.1.4 Fair Value Hierarchy

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

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

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

Recurring fair value measurements

Financial liabilities

30 Sept 2021	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million
Financial Liabilities:			
Derivative financial instruments	-	2,096	-

31 Dec 2020	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million
Financial liabilities:			
Derivative financial instruments	-	626	-

Notes to the interim condensed consolidated financial statements - continued

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.

Financial Liabilities

31 Sept 2021	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million
Financial liabilities:			
Interest bearing loans and borrowings	-	306,477	-

31 Dec 2020	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million
Financial liabilities:			
Interest bearing loans and borrowings	-	277,170	-

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

The valuation process

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

6. Segment reporting

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

For the period ended 30 September 2021, revenue from the gas segment of the business constituted 20% of the Group's revenue. Management believes that the gas segment of the business will continue to generate higher profits in the foreseeable future. It also decided that more investments will be made toward building the gas arm of the business. This investment will be used in establishing more offices, creating a separate operational management and procuring 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 this business segment's revenues and results, and its cash flows, will be largely independent of other business units within the Group, it is regarded as a separate segment.

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

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

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

6.1 Segment profit/(loss) disclosure

	9 months ended 30 Sept 2021 ₦'million	9 months ended 30 Sept 2020 ₦'million	3 Months ended 30 Sept 2021 ₦'million	3 Months ended 30 Sept 2020 ₦'million
Oil	(6,456)	(52,683)	(7,472)	2,342
Gas	20,352	19,001	7,250	1,758
Total profit/(loss) for the period	**13,896**	**(33,682)**	**(222)**	**4,100**

Notes to the interim condensed consolidated financial statements - continued

Oil

	9 months ended 30 Sept 2021 ₦'million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦'million	3 months ended 30 Sept 2020 ₦'million
Revenue from contract with customers				
Crude oil sales	146,612	106,881	51,125	45,113
Operating profit before depreciation, amortisation and impairment	75,560	47,911	26,172	22,777
Depreciation and impairment	(38,238)	(96,252)	(11,557)	(15,972)
Operating profit/(loss)	**37,322**	**(48,341)**	**14,615**	**6,805**
Finance income	9	711	5	110
Finance costs	(24,228)	(18,828)	(5,709)	(6,292)
Profit/ (loss) before taxation	**13,103**	**(66,458)**	**8,911**	**623**
Income tax (expense)/credit	(19,559)	13,775	(16,383)	1,719
(Loss)/profit for the period	**(6,456)**	**(52,683)**	**(7,471)**	**2,342**

Gas

	9 months ended 30 Sept 2021 ₦'million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦'million	3 months ended 30 Sept 2020 ₦'million
Revenue from contract with customers				
Gas sales	36,065	28,741	11,108	10,403
Operating profit before depreciation, amortisation and impairment	28,470	23,250	7,959	6,805
Depreciation and amortization	(3,180)	(2,653)	(2,662)	(2,642)
Operating profit	**25,290**	**20,597**	**5,297**	**4,163**
Share of profit/(loss) from joint venture accounted for using equity method	236	374	195	(435)
Profit before taxation	**25,526**	**20,971**	**5,492**	**3,728**
Income tax (expense)/credit	(5,174)	(1,970)	1,758	(1,970)
Profit for the period	**20,352**	**19,001**	**7,250**	**1,758**

6.1.1 Disaggregation of revenue from contracts with customers

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

	9 months ended 30 Sept 2021 Oil ₦'million	9 months ended 30 Sept 2021 Gas ₦'million	9 months ended 30 Sept 2021 Total ₦'million	9 months ended 30 Sept 2020 Oil ₦'million	9 months ended 30 Sept 2020 Gas ₦'million	9 months ended 30 Sept 2020 Total ₦'million
Geographical markets						
Nigeria	-	36,065	36,065	37,801	28,741	66,542
Switzerland	109,662	-	109,662	69,080	-	69,080
Bahamas	26,833	-	26,833	-	-	-
United Kingdom (UK)	10,117	-	10,117	-	-	-
Revenue from contract with customers	**146,612**	**36,065**	**182,677**	**106,881**	**28,741**	**135,622**
Timing of revenue recognition						
At a point in time	146,612	-	146,612	106,881	-	106,881
Over time	-	36,065	36,065	-	28,741	28,741
Revenue from contract with customers	**146,612**	**36,065**	**182,677**	**106,881**	**28,741**	**135,622**

Notes to the interim condensed consolidated financial statements - continued

	3 Months ended 30 Sept 2021 Oil ₦'million	3 Months ended 30 Sept 2021 Gas ₦'million	3 Months ended 30 Sept 2021 Total ₦'million	3 Months ended 30 Sept 2020 Oil ₦'million	3 Months ended 30 Sept 2020 Gas ₦'million	3 Months ended 30 Sept 2020 Total ₦'million
Geographical markets						
Nigeria	-	11,108	11,108	16,128	10,403	26,531
Switzerland	29,007	-	29,007	28,985	-	28,985
Bahamas	19,731	-	19,731	-	-	-
United Kingdom (UK)	2,387	-	2,387	-	-	-
Revenue from contract with customers	**51,125**	**11,108**	**62,233**	**45,113**	**10,403**	**55,516**
Timing of revenue recognition						
At a point in time	51,125	-	51,125	45,113	-	45,113
Over time	-	11,108	11,108	-	10,403	10,403
Revenue from contract with customers	**51,125**	**11,108**	**62,233**	**45,113**	**10,403**	**55,516**

The Group's transactions with its major customer, Mercuria, constitutes 75% (₦109.7 billion) of the total revenue from the oil segment. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura (₦36 billion) accounted for the total revenue from the gas segment.

6.1.2 Impairment loss on financial assets by reportable segments

	9 months ended 30 Sept 2021 Oil ₦'million	9 months ended 30 Sept 2021 Gas ₦'million	9 months ended 30 Sept 2021 Total ₦'million	9 months ended 30 Sept 2020 Oil ₦'million	9 months ended 30 Sept 2020 Gas ₦'million	9 months ended 30 Sept 2020 Total ₦'million
Impairment loss	(308)	(2,420)	(2,728)	(7,498)	-	(7,498)

	3 Months ended 30 Sept 2021 Oil ₦'million	3 Months ended 30 Sept 2021 Gas ₦'million	3 Months ended 30 Sept 2021 Total ₦'million	3 Months ended 30 Sept 2020 Oil ₦'million	3 Months ended 30 Sept 2020 Gas ₦'million	3 Months ended 30 Sept 2020 Total ₦'million
Impairment loss	(41)	(2,400)	(2,441)	(3,383)	-	(3,383)

6.1.3 Impairment loss on non-financial assets by reportable segments

	9 months ended 30 Sept 2021 Oil ₦'million	9 months ended 30 Sept2021 Gas ₦'million	9 months ended 30 Sept 2021 Total ₦'million	9 months ended 30 Sept 2020 Oil ₦'million	9 months ended 30 Sept 2020 Gas ₦'million	9 months ended 30 Sept 2020 Total ₦'million
Impairment loss	-	-	-	(55,339)	-	(55,339)

6.2 Segment assets

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

Total segment assets	Oil ₦'million	Gas ₦'million	Total ₦'million
30 September 2021	1,225,048	196,955	1,422,003
31 December 2020	1,101,463	209,374	1,310,837

Notes to the interim condensed consolidated financial statements - continued

6.3 Segment liabilities

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

Total segment liabilities	Oil ₦'million	Gas ₦'million	Total ₦'million
30 September 2021	635,112	112,345	747,457
31 December 2020	654,095	24,405	678,500

7. Revenue from contracts with customers

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦ million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦ million
Crude oil sales	146,612	106,881	51,125	45,113
Gas sales	36,065	28,741	11,108	10,403
	182,677	**135,622**	**62,233**	**55,516**

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

8. Cost of sales

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦ million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦ million
Royalties	36,540	26,640	11,801	9,121
Depletion, depreciation and amortization	36,302	33,751	11,127	10,196
Crude handling fees	15,471	14,156	3,860	5,292
Nigeria Export Supervision Scheme (NESS) fee	177	55	55	11
Niger Delta Development Commission Levy	1,684	1,132	532	(605)
Barging and Trucking	2,988	4,646	1,137	980
Operational & maintenance expenses	31,388	23,556	10,274	11,752
	124,550	**103,936**	**38,786**	**36,747**

Operational & maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, gas flare penalty fees, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Included in operational and maintenance is gas flare penalty of ₦4.6 billion (2020: ₦1.6 billion).

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

9. Other income/(loss)

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦ million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦ million
Underlift/(overlifts)	29,626	13,691	6,275	(3,238)
Gain/(loss) on foreign exchange	72	531	464	(141)
Tariffs	604	519	61	519
Others	2,244	32	88	11
	32,546	**14,773**	**6,888**	**(2,849)**

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. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

Notes to the interim condensed consolidated financial statements - continued

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 as other expenses. 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.

Gains/(loss) on foreign exchange are principally as a result of translation of naira denominated monetary assets and liabilities. Others relates to income derived from sales of sundry assets.

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

Other relates to the reversal of decommissioning obligation no longer required for the Eland operation.

10. General and administrative expenses

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦'million
Depreciation and amortization	1,528	1,427	495	460
Depreciation of right-of-use assets	860	890	156	308
Professional and consulting fees	3,240	1,370	939	(549)
Auditor's remuneration	17	32	(31)	4
Directors' emoluments (executive)	266	806	24	479
Directors' emoluments (non-executive)	1,352	802	372	201
Employee benefits	10,471	9,886	3,563	3,719
Share-based benefits	2,192	2,478	1,305	859
Flights and other travel costs	1,017	862	528	386
Other general expenses	436	(223)	(185)	(3,873)
	21,379	**18,330**	**7,166**	**1,994**

Directors' emoluments have been split between executive and non-executive directors. Included in the non-executive directors' emoluments are amount paid to four new non-executive directors. Other general expenses relate to costs such as office maintenance costs, telecommunication costs, logistics costs and others. Professional and consulting increase is as a result of strategy related consultancy services and legal fees.

11. Impairment loss

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦'million
Impairment losses on financial assets-net (Note 11.1)	2,728	7,498	2,441	3,383
Impairment loss on non-financial assets (Note 11.2)	-	55,339	-	4,267
	2,728	**62,837**	**2,441**	**7,650**

Notes to the interim condensed consolidated financial statements - continued

11.1 Impairment losses on financial assets-net

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦'million
Impairment losses:				
Impairment loss on trade receivables	2,511	-	2,235	-
Impairment loss on other financial assets	217	7,504	206	3,383
	2,728	7,504	**2,441**	3,383
Reversal of impairment losses:				
Reversal of impairment loss on trade receivables	-	(6)	-	-
Reversal of impairment loss on other financial assets	-	-	-	-
	-	**(6)**	-	**-**
	2,728	**7,498**	**2,441**	**3,383**

11.2 Impairment loss on non-financial assets

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦'million
Impairment loss on oil and gas properties	**-**	**55,339**	**-**	**4,267**

During the period, there was no impairment loss recognised (2020: N55.3 billion) on its non-financial assets.

12. Fair value (loss)/gain

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦'million
Realised fair value (loss)/gain on derivatives	(2,582)	6,964	(803)	4,692
Unrealised fair value (loss)/gain on derivatives	(1,372)	-	(13)	-
	(3,954)	**6,964**	**(816)**	**4,692**

Fair value (loss)/gain on derivatives represents changes arising from the valuation of the crude oil economic hedge contracts charged to profit or loss.

13. Finance income/(cost)

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦'million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦'million
Finance income				
Interest income	9	711	5	110
Finance cost				
Interest on bank loans	(23,705)	(17,974)	(5,382)	(5,928)
Interest on lease liabilities	(211)	(92)	(206)	(100)
Unwinding of discount on provision for decommissioning	(312)	(762)	(121)	(264)
	(24,228)	(18,828)	(5,709)	(6,292)
Finance (cost) - net	**(24,219)**	**(18,117)**	**(5,704)**	**(6,182)**

Finance income represents interest on short-term fixed deposits. Interest expense on bank loans is determined using effective interest rate.

14. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 Septemter 2021 is 85% for crude oil activities and 30% for gas activities. As at 31 December 2020, the applicable tax rate was 85%, 65.75% and 30% respectively.

Notes to the interim condensed consolidated financial statements - continued

The effective tax rate for the period was 64% (2020: 26%).

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

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦ million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦ million
Current tax:				
Current tax expense on profit for the period	7,481	3,248	2,782	2,108
Education tax	1,419	519	432	334
Total current tax	**8,900**	**3,767**	**3,214**	**2,442**
Deferred tax:				
Deferred tax expense/(income) in profit or loss	15,833	(15,572)	11,411	(2,191)
Total tax expense/(income) in statement of profit or loss	**24,733**	**(11,805)**	**14,625**	**251**

14.1 Deferred tax

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

	As at 30 Sept 2021 ₦'million	As at 31 Dec 2020 ₦'million
Deferred tax assets		
Deferred tax asset to be recovered within 12months	7,248	9,437
Deferred tax asset to be recovered after more than 12 months	299,629	280,440
	306,877	**289,877**

	As at 30 Sept 2021 ₦'million	As at 31 Dec 2020 ₦'million
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	(13,081)	(2,282)
Deferred tax liability to be settled after more than 12 months	(215,242)	(199,738)
	(228,323)	**(202,020)**
Net deferred tax asset	**78,554**	**87,857**

15. Oil & Gas Properties

During the nine months ended 30 September 2021, the Group acquired assets amounting to ₦33.1 billion.

Notes to the interim condensed consolidated financial statements - continued

16. Intangible asset

Cost	License ₦ million	Total ₦ million
At 1 January 2021	55,751	55,751
Additions	748	748
Exchange difference	4,519	4,519
At 30 September 2021	**61,018**	**61,018**
Amortisation		
At 1 January 2021	33,450	33,450
Charge for the period	2,595	2,595
Exchange difference	2,786	2,786
At 30 September 2021	**38,831**	**38,831**
Net Book Value (NBV)		
At 30 September 2021	**22,187**	**22,187**
At 31 December 2020	**22,301**	**22,301**

17. Investment accounted for using equity method

	30 Sept 2021 ₦ million	31 Dec 2020 ₦ million
Investment in joint venture	91,706	84,639
Investment in associate	3	3
	91,709	**84,642**

18. Trade and other receivables

	30 Sept 2021 ₦ million	31 Dec 2020 ₦ million
Trade receivables	32,182	20,662
Nigerian Petroleum Development Company (NPDC) receivables	28,618	40,681
National Petroleum Investment Management Services (NAPIMS) receivables	12,105	11,353
Underlift	30,996	7,827
Advances to suppliers	3,104	10,280
Receivables from ANOH	6,141	4,926
Other receivables	306	1,045
Total	**113,452**	**96,774**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power ₦10.1 billion (Dec 2020: ₦8.6 billion), Sapele Power ₦2.9billion (Dec 2020: ₦2.7 billion) and Nigerian Gas Marketing Company ₦5.2 billion (Dec 2020: ₦1.3 billion) totalling ₦18.2 billion (Dec 2020: ₦12.6 billion) with respect to the sale of gas. Also included in trade receivables is an amount of ₦13.8 billion (Dec 2020: ₦7 billion) due from Shell Western for sale of crude oil.

18.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is ₦28.6 billion (Dec 2020: ₦40.8 billion).

18.3 Other receivables

Other receivables are amounts outside the usual operating activities of the Group

Notes to the interim condensed consolidated financial statements - continued

18.4 Reconciliation of trade receivables

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Gross carrying amount	35,817	21,206
Less: Impairment allowance	(3,635)	(544)
Balance as at 30 Sept 2021	**32,182**	**20,662**

18.5 Reconciliation of NPDC receivables

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Gross carrying amount	31,850	40,852
Less: Impairment allowance	(3,232)	(171)
Balance as at 30 Sept 2021	**28,618**	**40,681**

18.6 Reconciliation of NAPIMS receivables

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Gross carrying amount	12,678	11,809
Less: Impairment allowance	(573)	(456)
Balance as at 30 Sept 2021	**12,105**	**11,353**

18.7 Reconciliation of other receivables

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Gross carrying amount	18,915	10,593
Less: Impairment allowance	(18,609)	(9,548)
Balance as at 30 Sept 2021	**306**	**1,045**

19. Contract assets

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Revenue on gas sales	3,326	2,343
Impairment loss on contract assets	(11)	-
	3,315	**2,343**

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 NGMC, Geregu Power, and Sapele Power for the delivery of gas supplies which NGMC, Geregu Power and Sapele Power has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivabee amount has been established and the right to the receivables crystallizes. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from NGMC, Geregu Power and Sapele Power authorising the quantities, this will be reclassified from contract assets to trade receivables.

Notes to the interim condensed consolidated financial statements - continued

19.1 Reconciliation of contract assets

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

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Balance as at 1 January	2,343	6,527
Addition during the period	11,303	29,200
Receipts for the period	(10,513)	(32,895)
Price adjustment	(24)	(13)
Impairment	(11)	-
Exchange difference	217	(476)
Closing balance	**3,315**	**2,343**

20. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. The fair value of the derivative financial instrument as at 30 September 2021 is as a result of a fair value gain on crude oil hedges. 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 2021 ₦'million	31 Dec 2020 ₦'million
Foreign currency options-crude oil hedges	2,096	626
	2,096	**626**

21. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and on hand, short-term deposits with a maturity of three months or less and restricted cash balances.

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Cash on hand	3,348	2,620
Short-term fixed deposits	272	160
Cash at bank	86,881	82,867
Gross cash and cash equivalent	**90,501**	**85,647**
Loss allowance	(101)	(93)
Net cash and cash equivalents per cash flow statement	90,400	85,554
Restricted cash	22,082	12,761
Cash and cash equivalents	**112,482**	**98,315**

Included in restricted cash, is a balance of ₦5.3 billion set aside in the Stamping Reserve account for the revolving credit facility (RCF). The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC). The amounts are restricted for a period of four (4) years, which is the contractual period of the RCF. These amounts are subject to legal restrictions and are therefore not available for general use by the Group. These amounts have therefore been excluded from cash and cash equivalents for the purposes of cash flow.

An additional ₦8.5 billion of funds deposited in Access bank Plc bank accounts in the ordinary course of business are being unilaterally restricted by Access bank Plc in connection with the court case between Seplat Energy Plc and Access Bank Plc.

Notes to the interim condensed consolidated financial statements - continued

Also included in the restricted cash balance is a cash-backed guarantee of ₦8.3 billion set aside with Zenith Bank Plc to fulfil the requirement of an order of the Court of Appeal, to seek the release of any order relating to the case between Seplat Energy Plc and Access Bank Plc.

22. Share Capital

22.1 Authorised and issued share capital

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500
Issued and fully paid		
588,359,878 (2020: 581,840,856) issued shares denominated in Naira of 50 kobo per share	296	293

The Group's issued and fully paid as at the reporting date consists of 588,359,878 ordinary shares of ₦0.50k each, all with voting rights. Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 Movement in share capital and other reserves

	Number of shares Shares	Issued share capital ₦'million	Share Premium	Share based payment reserve ₦'million	Total ₦'million
Opening balance as at 1 January 2021	581,840,856	293	86,917	7,174	94,384
Share based payments	-	-	-	2,192	2,192
Vested shares	6,519,022	3	3,370	(5,016)	(1,643)
Closing balance as at 30 Sept 2021	**588,359,878**	**296**	**90,287**	**4,350**	**94,933**

Vested shares of ₦1.6 billion represent shares purchased in the open market for employees of the Group.

22.3 Employee share-based payment scheme

As at 30 September 2021, the Group had awarded 76,461,231 shares (Dec 2020: 60,487,999 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the reporting period, 6,519,022 shares had vested (Dec 2020: 6,519,258 shares).

23. Interest bearing loans and borrowings

23.1 Net debt reconciliation

Below is the net debt reconciliation on interest bearing loans and borrowings for 30 September 2021

	Borrowings due within 1 year ₦ million	Borrowings due above 1 year ₦ million	Total ₦ million
Balance as at 1 January 2021	35,518	229,880	265,398
Addition	266,263	-	266,263
Principal repayment	(238,089)	-	(238,089)
Interest accrued	23,705	-	23,705
Interest capitalised	2,721	-	2,721
Interest repayment	(24,527)	-	(24,527)
Transfers	(35,055)	35,055	-

Other financing charges	(8,132)	-	(8,132)
Exchange differences	2,405	19,750	22,155
Carrying amount as at 30 Sept 2021	**24,809**	**284,685**	**309,494**

Below is the net debt reconciliation on interest bearing loans and borrowings 2020:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2020	34,486	207,863	242,349
Interest accrued	17,504	-	17,504
Interest capitalized	5,449	-	5,449
Principal repayment	(35,991)	-	(35,991)
Interest repayment	(23,310)	-	(23,310)
Proceeds from loan financing	-	3,599	3,599
Transfers	29,559	(29,559)	-
Exchange difference	7,821	47,977	55,798
Carrying amount as at 31 December 2020	**35,518**	**229,880**	**265,398**

$650 million Senior notes – April 2021

In March 2021, the Group offered 7.75% senior notes with an aggregate principal of ₦266.6 billion 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 ₦133 billion 9.25% senior notes due in 2023, to repay in full drawings of ₦95 billion under the existing ₦133 billion 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 ₦261 billion, although the principal is ₦266.6 billion.

$110 million Reserved based lending (RBL) facility – March 2021

The Group through its subsidiary Westport on 5th December 2019 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% +Libor as at half year (8.30%) and a settlement date of 29 November 2023.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The current borrowing base is more than ₦38 billion, with the available commitments at ₦38 billion. The commitments are scheduled to reduce to ₦33.3 billion on 31 March 2021. The first reduction in the commitments occurred on 31st December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from ₦45 billion to ₦40.6 billion, with a further reduction to ₦36.1 billion as at December 2020.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is LIBOR plus 8%, as long as more than 50% of the available facility is drawn.

On 4th February 2020 Westport drew down a further ₦3.6 billion increasing the debt utilised under the RBL from ₦32.4 billion to ₦36.1 billion.

The interest rate of the facility is variable. The interest accrued at the reporting period is ₦1.5 billion using an effective interest rate of 8.8%. The interest paid was determined using 6-month LIBOR rate + 8 % on the last business day of the reporting period.

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. As part of the new agreement, the debt utilised and interest rate remain unchanged at ₦38 billion and 8% + LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves till date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further ₦4.1 billion increasing the debt utilised under the RBL from ₦36.1 billion to ₦40.2 billion. The amortised cost for this as at the reporting period is ₦44.7 billion (Dec 2020: ₦37.4 billion).

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

In July 2021, the Group raised a ₦21 billion offtake line to the Reserved Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. As of the period under review, ₦4.4 billion has been drawn on this facility. The amortised cost for this as at the reporting period is ₦3.94 billion, although the principal is ₦4.4 billion.

24. Trade and other payables

	30 Sept 2021 ₦ million	31 Dec 2020 ₦ million
Trade payable	59,849	51,351
Accruals and other payables	46,091	56,816
NDDC levy	3,958	4,780
Royalties payable	8,173	10,500
Overlift	-	7,021
	118,071	**130,468**

Included in accruals and other payables are field-related accruals ₦24.7 billion (Dec 2020: ₦41 billion), and other vendor payables of ₦5.5 billion (Dec 2020: ₦19 billion). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

25. Contract liabilities

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Contract liabilities	**3,889**	**3,599**

25.1 Reconciliation of contract liabilities

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

	30 Sept 2021 ₦'million	31 Dec 2020 ₦'million
Balance as at 1 January	3,599	5,005
Recognised as revenue during the year	-	(1,406)
Exchange difference	290	-
Closing balance	**3,889**	**3,599**

Contract liabilities represents take or pay volumes contracted with Azura which is yet to be utilized.

Notes to the interim condensed consolidated financial statements - continued

26. Computation of cash generated from operations

	9 months ended 30-Sept-21 ₦ million	9 months ended 30-Sept-20 ₦ million
Profit /(loss) before tax:	38,629	(45,487)
Adjusted for:		
Depletion, depreciation and amortization	37,830	35,178
Depreciation of right-of-use asset	860	890
Impairment losses on financial assets	2,728	7,498
Impairment losses on non-financial assets	-	55,339
Interest income	(9)	(711)
Interest expense on bank loans	23,705	17,974
Interest on lease liabilities	211	92
Unwinding of discount on provision for decommissioning	312	762
Realised fair value loss/(gain) on derivatives	2,582	(6,964)
Unrealised fair value loss on derivatives	1,372	-
Unrealised foreign exchange (gain)/loss	(72)	6,708
Share based payment expenses	2,192	2,478
Share of profit in joint venture accounted for using the equity method	(236)	(374)
Defined benefit expenses	1,056	-
Changes in working capital:		
Trade and other receivables	(14,133)	58,173
Prepayments	(1,836)	1,076
Contract assets	(767)	4,332
Trade and other payables	(22,140)	(60,934)
Contract liabilities	-	(341)
Restricted Cash	(8,014)	(2,790)
Inventories	708	1,907
Net cash inflow from operating activities	**64,978**	**74,806**

27. Earnings/(Loss)per share (EPS/LPS)

Basic

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

Diluted

Diluted EPS is calculated by dividing the profit after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	9 months ended 30 Sept 2021 ₦ million	9 months ended 30 Sept 2020 ₦ million	3 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2020 ₦ million
Profit/(loss) for the period	**26,326**	**(20,370)**	**8,107**	**4,100**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	582,927	580,061	582,927	580,061
Outstanding share-based payments (shares)*	5,518	8,384	5,518	8,384
Weighted average number of ordinary shares adjusted for the effect of dilution	**588,445**	**588,445**	**588,445**	**588,445**

Notes to the interim condensed consolidated financial statements - continued

Basic earnings per share for the period	₦	₦	₦	₦
Basic earnings/(loss) per share	45.16	(35.12)	13.91	7.07
Diluted earnings/(loss) per share	44.74	(34.62)	13.78	6.97
Profit /(loss)used in determining basic/diluted earnings per share	**26,326**	**(20,370)**	**8,107**	**4,100**

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.

*Outstanding share-based payments in September 2020 have been updated to reflect the approved authorised share capital.

28. Dividend

A final dividend of ₦19.84 (2020: ₦19.84) per fully paid shares was declared and approved in the period. In line with the Finance Act 2020 which became effective on 1 January 2021, withholding tax amounting to ₦1.6 billion has been deducted from the aggregate amount of the dividend declared and approved amounting to ₦23.2 billion. Cash dividend amounting to ₦21.6 billion was paid during the period.

In addition, the Board has recommended an interim dividend of 2.5 cents per share during the third quarter.

29. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDC(BVI)) and members of his family and 8.32% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below. The outstanding balances payable to/receivable from related parties are unsecured and are payable/receivable in cash.

i. Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL (‘BVI’): The Chairman of Seplat is a director and shareholder of SPDCL (BVI). The company provided consulting services to Seplat. Services provided to the Group during the period amounted to ₦363.7 million (2020: ₦157 million)

ii. Entities controlled by key management personnel (Contracts>$1million in 2021)

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited): The Company Is owned by common shareholders with the parent Company. The company provides drilling rigs and drilling services to Seplat. There were no transactions with this related party during the current period (2020: ₦2.6 Billion). Payable amounted to nil in the current period (2020: ₦225 million).

iii. Entities controlled by key management personnel (Contracts<$1million in 2021)

Abbeycourt Trading Company Limited: The Chairman of Seplat is a director and shareholder. The Company provides diesel supplies to Seplat in respect of Seplat’s rig operations. This amounted to ₦116.7 billion during the period (2020: ₦87.66 million).

Stage leasing (Ndosumili Ventures Limited): A subsidiary of Platform Petroleum Limited (an entity in which Austin Avuru has an equity interest). The Company provides transportation services to Seplat. This amounted to ₦109.1 billion (2020: ₦126.75 million). Payable amounted to nil in the current period (2020: ₦8.9million).

30. Commitments and contingencies

30.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities is ₦184.8 million (Dec 2020: ₦23.2 million). The contingent liability for the period is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company’s solicitors are of the opinion that the Company will suffer no loss from these claims.

Notes to the interim condensed consolidated financial statements - continued

31. Events after the reporting period

Acquisition of Cardinal Drilling Services Limited rigs and conclusion of legal proceedings with Access Bank Plc:

The Group has agreed to acquire four drilling rigs belonging to Cardinal Drilling Services Limited as part of the settlement of the court case initiated by Access Bank Plc. The negotiated consideration of ₦14.8 billion would be funded out of the already restricted funds held at Access Bank Plc and the Federal High Court of Nigeria, as disclosed in previous quarterly results. The acquisition of these rigs, when deployed, should help to optimise drilling costs for the Group. Consequently, the parties have agreed to end all legal actions regarding the outstanding loan owed by Cardinal Drilling Services Limited to Access Bank Plc, which could have persisted as an ongoing distraction for the Group, with the potential to disrupt its financial and commercial operations. The Group is committed to the highest standard of corporate governance.

32. 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 2021	30 Sept 2020	31 Dec 2020
		₦/$	₦/$	₦/$
Fixed assets – opening balances	Historical rate	Historical	Historical	Historical
Fixed assets – additions	Average rate	396.82	380.00	359.91
Fixed assets - closing balances	Closing rate	410.63	380.00	380
Current assets	Closing rate	410.63	380.00	380
Current liabilities	Closing rate	410.63	380.00	380
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	Overall Average rate	396.82	349.74	359.91

Interim management statement and condensed consolidated interim results

For the nine months ended 30 September 2021

(Expressed in US dollars)

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

For the nine months ended 30 September 2021

	Notes	9 months ended 30 Sept 2021 Unaudited $'000	9 months ended 30 Sept 2020 Unaudited $'000	3 Months ended 30 Sept 2021 Unaudited $'000	3 Months ended 30 Sept 2020 Unaudited $'000
Revenue from contracts with customers	7	460,357	387,775	151,586	154,226
Cost of sales	8	(313,862)	(297,182)	(93,997)	(101,290)
Gross profit		**146,495**	**90,593**	**57,589**	**52,936**
Other income/(loss)	9	82,020	42,239	16,240	(9,136)
General and administrative expenses	10	(53,879)	(52,419)	(17,424)	(4,774)
Impairment loss on financial assets	11.1	(6,874)	(21,437)	(6,137)	(6,566)
Impairment loss on non-financial assets	11.2	-	(158,228)	-	(12,200)
Fair value (loss)/gain	12	(9,964)	19,911	(1,919)	13,288
Operating profit/(loss)		**157,798**	**(79,341)**	**48,349**	**33,548**
Finance income	13	22	2,034	11	282
Finance cost	13	(61,056)	(53,834)	(13,582)	(17,285)
Finance cost-net		(61,034)	(51,800)	(13,571)	(17,003)
Share of profit/(loss) from joint venture accounted for using the equity method		595	1,069	489	(1,290)
Profit/(loss) before taxation		**97,359**	**(130,072)**	**35,267**	**15,255**
Income tax (expense)/credit	14	(62,329)	33,752	(36,414)	(1,397)
Profit/(loss) for the period		**35,030**	**(96,320)**	**(1,147)**	**13,858**
Attributable to:					
Equity holders of the parent		66,355	(58,259)	19,387	13,858
Non-controlling interests		(31,325)	(38,061)	(20,534)	-
		35,030	**(96,320)**	**(1,147)**	**13,858**
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		**35,030**	**(96,320)**	**(1,147)**	**13,858**
Earnings/(loss) per share					
Basic earnings/(loss) per share ($)	27	0.11	(0.10)	0.03	0.02
Diluted earnings/(loss) per share ($)	27	0.11	(0.10)	0.03	0.02

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

Interim condensed consolidated statement of financial position

As at 30 September 2021

	Notes	30 Sept 2021 Unaudited	31 Dec 2020 Audited
Assets		$'000	$'000
Non-current assets			
Oil & gas properties	15	1,606,251	1,603,888
Other property, plant and equipment		10,772	14,027
Right-of-use assets		7,630	10,435
Intangible assets	16	54,031	58,687
Other assets		112,551	117,448
Investment accounted for using equity accounting	17	223,337	222,741
Long-term prepayments		66,247	61,744
Deferred tax assets	14	747,333	762,833
Total non-current assets		**2,828,152**	**2,851,803**
Current assets			
Inventories		72,786	74,570
Trade and other receivables	18	276,286	254,671
Prepayments		3,768	3,644
Contract assets	19	8,072	6,167
Cash and cash equivalents	21	273,930	258,718
Total current assets		**634,842**	**597,770**
Total assets		**3,462,994**	**3,449,573**
Equity and Liabilities			
Equity			
Issued share capital	22	1,862	1,855
Share premium		519,931	511,723
Share based payment reserve		20,901	27,592
Capital contribution		40,000	40,000
Retained earnings		1,124,547	1,116,079
Foreign currency translation reserve		992	992
Non-controlling interest		(65,521)	(34,196)
Total shareholders' equity		**1,642,712**	**1,664,045**
Non-current liabilities			
Interest bearing loans and borrowings	23	693,289	604,947
Lease Liabilities		4,627	4,187
Provision for decommissioning obligation		157,678	162,619
Defined tax liabilities		556,031	531,632
Defined benefit plan		13,352	10,691
Total non-current liabilities		**1,424,977**	**1,314,076**
Current liabilities			
Interest bearing loans and borrowings	23	60,417	93,468
Lease Liabilities		1,345	1,787
Trade and other payables	24	287,545	343,340
Derivative financial instruments	20	5,105	1,648
Contract liabilities	25	9,470	9,470
Current tax liabilities		31,423	21,739
Total current liabilities		**395,305**	**471,452**
Total liabilities		**1,820,282**	**1,785,528**
Total shareholders' equity and liabilities		**3,462,994**	**3,449,573**

Interim condensed consolidated statement of financial position - continued

As at 30 September 2021

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

The Group financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the third quarter ended 30 September 2021 were authorised for issue in accordance with a resolution of the Directors on 28th October 2021 and were signed on its behalf by

A. B. C. Orjiako	R.T. Brown	E.Onwuka
FRC/2013/IODN/00000003161	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
28th October 2021	28th October 2021	28th October 2021

Interim condensed consolidated statement of changes in equity

For the nine months ended 30 September 2021

	Issued share capital	Share premium	Share based payment reserve	Capital contribution	Retained earnings	Foreign currency translating reserve	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	1,845	503,742	30,426	40,000	1,249,156	2,391	(23,621)	1,803,939
Loss for the period	-	-	-	-	(58,259)	-	(38,061)	(96,320)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(58,259)	-	(38,061)	(96,320)
Transactions with owners in their capacity as owners:								
Dividend paid	-	-	-	-	(29,393)	-	-	(29,393)
Share based payments	10	9,516	(2,441)	-	-	-		7,085
Total	10	9,516	(2,441)	-	(29,393)	-	-	(22,308)
At 30 Sept 2020 (unaudited)	**1,855**	**513,258**	**27,985**	**40,000**	**1,161,504**	**2,391**	**(61,682)**	**1,685,311**

At 1 January 2021	1,855	511,723	27,592	40,000	1,116,079	992	(34,196)	1,664,045
Profit/(loss) for the period	-	-	-	-	66,355	-	(31,325)	35,030
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	66,355	-	(31,325)	35,030
Transactions with owners in their capacity as owners:								
Unclaimed Dividend	-	-	-	-	515	-	-	515
Dividend paid	-	-	-	-	(58,402)	-	-	(58,402)
Share based payments	-	-	5,524	-	-	-	-	5,524
Vested Shares	7	8,208	(12,215)	-	-	-	-	(4,000)
Total	7	8,208	(6,691)	-	(57,887)	-	-	(56,363)
At 30 Sept 2021 (unaudited)	**1,862**	**519,931**	**20,901**	**40,000**	**1,124,547**	**992**	**(65,521)**	**1,642,712**

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

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2021

	Notes	9 months ended 30 Sept 2021 $'000 Unaudited	9 months ended 30 Sept 2020 $'000 Unaudited
Cash flows from operating activities			
Cash generated from operations	26	163,760	197,776
Income tax paid		(12,746)	(10,377)
Hedge premium paid		(6,507)	-
Net cash inflows from operating activities		144,507	187,399
Cash flows from investing activities			
Payment for acquisition of oil and gas properties		(83,384)	(105,234)
Payment for acquisition of other property, plant and equipment		(606)	(3,374)
Receipts from other asset		4,897	4,737
Investment in Joint venture		-	(30,000)
Interest received		22	2,034
Net cash outflows from investing activities		**(79,071)**	**(131,837)**
Cash flows from financing activities			
Repayments of loans and borrowings		(600,000)	(100,000)
Proceeds from loans and borrowings		671,000	10,000
Dividend paid		(58,402)	(29,208)
Payments for other financing charges*		(20,494)	-
Lease payment		(894)	(3,275)
Interest paid on loans and borrowings		(61,810)	(58,030)
Net cash outflows from financing activities		**(70,600)**	**(180,513)**
Net decrease in cash and cash equivalents		(5,164)	(124,951)
Cash and cash equivalents at beginning of the period		225,137	326,330
Effects of exchange rate changes on cash and cash equivalents		181	(1,143)
Cash and cash equivalents at end of the period		**220,154**	**200,236**

Total cash and cash equivalents amount to $274 million consisting of $220.2 million unrestricted and $53.8 million restricted cash. For the purposes of the cash flow statements, the restricted cash balance has been excluded from the cash and cash equivalents.

Restricted cash balance of $53.8 million consist of:

- $12.8 million set aside in the stamping reserve account for the revolving credit facility;
- $20.8 million of funds deposited in Access bank Plc bank accounts in the ordinary course of business which has been unilaterally restricted by Access bank Plc in connection with the court case between Seplat Energy Plc and Access Bank Plc; and
- a cash-backed guarantee of $20.2 million set aside with Zenith Bank Plc to fulfil the requirement of an order of the Court of Appeal, to seek the release of any order relating to the case between Seplat Energy Plc and Access Bank Plc.

*Other financing charges consist of $16.4 million transaction costs, $2.3 million refinancing cost and $1.8 million commitment fees incurred on the $650 million senior notes, $110 Reserve Based Lending Facility, and the $350 million Revolving Credit Facility respectively.

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

Notes to the interim condensed consolidated financial statements

1 Corporate Structure and business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the interim condensed consolidated financial statements-Continued

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.

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	100%	Oil & gas exploration and production	Direct
Seplat Petroleum Development Company UK Limited	21 August 2014	United Kingdom	100%	Technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	100%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect

Notes to the interim condensed consolidated financial statements-Continued

2 Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 Sept 2021:

- During the period, 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 fee and expenses. The revolving credit facility remains available for drawings if required.
- 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 24 May 2021, the Group drew down a further $10million increasing the debt utlised under the Reserved based lending (RBL) from $100 million to $110 million.
- In July 2021, the Group raised a $50 million offtake line to the Reserve Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. As of the period under review, $11 million has been drawn on this facility.

3 Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

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

3.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the third quarter ended 30 September 2021 have been prepared in accordance with the accounting standard IAS 34 Interim financial reporting. This interim condensed consolidated financial statement does not include all the notes normally included in an annual financial statement of the Group. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

The financial statements have been prepared under the going concern assumption and historical cost convention, except 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) respectively, except when otherwise indicated.

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

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

3.3 New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

a) Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Notes to the interim condensed consolidated financial statements-Continued

The amendments also permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness. In addition, the amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the interim condensed consolidated financial statements of the Group as (i) it does not have any interest rate hedge relationships; and (ii) the cessation date for publication of the IBORs to which the borrowings are exposed is expected to be after 31 December 2021.

3.4 Standards issued but not yet effective

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

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 3 Business Combination: Reference to the Conceptual Framework - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 37 Onerous Contracts: Costs of Fulfilling a Contract - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IFRS 1 First-time Adoption of IFRS: Subsidiary as a first-time adopter – Effective date for annual periods beginning on or after 1 January 2022.
- Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Amendments to IAS 41 Agriculture - Taxation in fair value measurements - Effective date for annual periods beginning on or after 1 January 2022
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023

3.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2021.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2020.

3.6 Functional and presentation currency

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

i. Transactions and balances

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

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

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

ii. Group companies

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

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

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

4 Significant accounting judgements estimates and assumptions

4.1 Judgements

Management judgements at the end of the third quarter are consistent with those disclosed in the 2020 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this interim consolidated financial statement.

i. OMLs 4, 38 and 41

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

ii. Deferred tax asset

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

iii. Lease liabilities

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

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million (Seplat's 45% share of $100 million), which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

iv. 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.

v. 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 receives and consumes the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient

Significant financing component

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

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

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

Transactions with Joint Operating arrangement (JOA) partners

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

Exploration and evaluation assets

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

Segment reporting

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

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

Notes to the interim condensed consolidated financial statements-Continued

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2020 annual financial statements.

The following are some of the estimates and assumptions made.

i. Defined benefit plans (pension benefits)

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

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

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

ii. Oil and gas reserves

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

iii. Share-based payment reserve

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

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

iv. Provision for decommissioning obligations

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

v. Property, plant and equipment

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

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

Notes to the interim condensed consolidated financial statements-Continued

The Group uses 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.

vi. Useful life of other property, plant and equipment

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

vii. Income taxes

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

viii. Impairment of financial assets

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

ix. Intangible asset

The contract based intangible assets 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.

Notes to the interim condensed consolidated financial statements-Continued

5 Financial risk management

5.1 Financial risk factors

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

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

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

5.1.1 Credit risk

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

a) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria, Vitol, Eni Trading 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 expires in February 2022, while payment term is 10 days in the Eni off-take agreement (OML53 – Jisike Field) which expires in December 2021. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and National Petroleum Investment Management Services (NAPIMS).

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

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

b) Estimation uncertainty in measuring impairment loss

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

i. Significant unobservable inputs

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

	Effect on profit before tax 30 Sept 2021	Effect on other components of equity before tax 30 Sept 2021
	$'000	$'000
Increase/decrease in loss given default		
+10%	(1,800)	-
-10%	1,800	-

	Effect on profit before tax 31 Dec 2020	Effect on other components of equity before tax 31 Dec 2020
	$'000	$'000
Increase/decrease in loss given default		
+10%	(749)	-
-10%	749	-

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

	Effect on profit before tax 30 Sept 2021	Effect on other components of equity before tax 30 Sept 2021
	$'000	$'000
Increase/decrease in probability of default		
+10%	(1,704)	-
-10%	1,704	-

Notes to the interim condensed consolidated financial statements-Continued

	Effect on profit before tax 31 Dec 2020	Effect on other components of equity before tax 31 Dec 2020
	$'000	$'000
Increase/decrease in probability of default		
+10%	(496)	-
-10%	496	-

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

	Effect on profit before tax 30 Sept 2021	Effect on other components of equity before tax 30 Sept 2021
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	(48)	-
-10%	48	-

	Effect on profit before tax 31 Dec 2020	Effect on other components of equity before tax 31 Dec 2020
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	(605)	-
-10%	605	-

5.1.2 Liquidity risk

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

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

	Effective interest rate %	Less than 1 year $'000	1 - 2 year $'000	2 - 3 years $'000	3 - 5 years $'000	Total $'000
30 Sept 2021						
Non - derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**51,075**	**51,075**	**51,075**	**752,569**	**905,794**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + Libor	3,149	10,672	15,684	18,579	48,084
The Stanbic IBTC Bank Plc	8.00% + Libor	3,215	10,894	16,011	18,966	49,086
The Standard Bank of South Africa Limited	8.00% + Libor	1,837	6,225	9,149	10,838	28,049
First City Monument Bank Limited	8.00% + Libor	820	2,779	4,084	4,838	12,521
Shell Western Supply and Trading Limited	10.5% + Libor	1,177	2,248	2,130	10,742	16,297
Total variable interest borrowings		**10,198**	**32,818**	**47,058**	**63,963**	**154,037**
Other non - derivatives						
Trade and other payables**		287,545	-	-	-	287,545
Lease liability		1,594	4,733	1,511	67	7,905
Total		**350,412**	**88,626**	**99,644**	**816,599**	**1,355,281**

	Effective interest rate %	Less than 1 year $'000	1 - 2 year $'000	2 - 3 years $'000	3 - 5 years $'000	Total $'000
31 December 2020						
Non - derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	-	-	350,000	-	350,000
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +LIBOR	1,905	26,667	-	-	28,572
Nedbank Limited London	6.0% +LIBOR	1,905	26,667	-	-	28,572
Stanbic IBTC Bank Plc	6.0% +LIBOR	952	13,333	-	-	14,285
The Standard Bank of South Africa Limited	6.0% +LIBOR	952	13,333	-	-	14,285
RMB International (Mauritius) Limited	6.0% +LIBOR	1,905	26,667	-	-	28,572
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	1,905	26,667	-	-	28,572
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	1,429	20,000	-	-	21,429
Standard Chartered Bank	6.0% +LIBOR	1,429	20,000	-	-	21,429
Natixis	6.0% +LIBOR	1,429	20,000	-	-	21,429
Société Générale, London Branch	6.0% +LIBOR	714	10,000	-	-	10,714
Zenith Bank Plc	6.0% +LIBOR	714	10,000	-	-	10,714
United Bank for Africa Plc	6.0% +LIBOR	714	10,000	-	-	10,714
First City Monument Bank Limited	6.0% +LIBOR	713	10,000	-	-	10,713

Notes to the interim condensed consolidated financial statements-Continued

FBNQuest	8.0% +LIBOR	3,000	7,875	1,125	-	12,000
The Mauritius Commercial Bank LTD	8.0% +LIBOR	8,600	22,575	3,225	-	34,400
Stanbic IBTC Bank Plc/ The Standard Bank of South Africa Limited	8.0% +LIBOR	13,400	35,175	5,025	-	53,600
Total variable interest borrowings		**41,666298,959**		**9,375**	**-**	**350,000**
Other non - derivatives						
Trade and other payables**		343,341	-	-	-	343,341
Lease liability		2,455	2,354	1,924	67	6,800
		345,796	2,354	1,924	67	350,141
Total		**387,462301,313361,299**			**671,050,141**	

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

5.1.3 Fair value measurements

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

	Carrying amount		Fair value	
	As at 30 Sept 2021	As at 31 Dec 2020	As at 30 Sept 2021	As at 31 Dec 2020
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	193,245	153,680	193,245	153,680
Contract assets	8,072	6,167	8,072	6,167
Cash and bank balances	273,930	258,718	273,930	258,718
	475,247	**418,565**	**475,247**	**418,565**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	753,706	698,415	746,358	729,395
Trade and other payables**	287,545	246,150	287,545	246,150
	1,041,251	**944,565**	**1,033,903**	**975,545**
Financial liabilities at fair value				
Derivative financial instruments	5,105	1,648	5,105	1,648
	5,105	**1,648**	**5,105**	**1,648**

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

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

5.1.4 Fair Value Hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There are recurring fair value measurements and non-recurring fair value measurements resulting from the acquisition of Eland. 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.

Notes to the interim condensed consolidated financial statements-Continued

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

Recurring fair value measurements

Financial Liabilities

30 Sept 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial Liabilities:			
Derivative financial instruments	-	5,105	-
	-	**5,105**	**-**

31 Dec 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:			
Derivative financial instruments	-	1,648	-
	-	**1,648**	**-**

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.

Financial Liabilities

30 Sept 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial Liabilities:			
Interest bearing loans and borrowings	-	746,358	-
	-	**746,358**	**-**

Financial Liabilities

31 Dec 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial Liabilities:			
Interest bearing loans and borrowings	-	729,395	-
	-	**729,395**	**-**

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

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purposes. 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.

Notes to the interim condensed consolidated financial statements-Continued

6 Segment reporting

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

For the period ended 30 September 2021, revenue from the gas segment of the business constituted 20% of the Group's revenue. Management believes that the gas segment of the business will continue to generate higher profits in the foreseeable future. It also decided that more investments will be made toward building the gas arm of the business. This investment will be used in establishing more offices, creating a separate operational management and procuring 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 this business segment's revenues and results, and its cash flows, will be largely independent of other business units within the Group, it is regarded as a separate segment.

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

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

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

6.1 Segment profit/(loss) disclosure

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Oil	(16,258)	(150,648)	(18,855)	4,074
Gas	51,288	54,328	17,708	9,784
Total profit/(loss) for the period	**35,030**	**(96,320)**	**(1,147)**	**13,858**

Oil

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Revenue from contract with customers				
Crude oil sales	369,472	305,599	124,680	125,514
Operating profit before depreciation, amortisation and impairment	190,428	136,974	63,823	62,788
Depreciation and impairment	(96,361)	(275,208)	(27,960)	(45,948)
Operating profit/(loss)	**94,067**	**(138,234)**	**35,863**	**16,840**
Finance income	22	2,034	11	282
Finance costs	(61,056)	(53,834)	(13,582)	(17,285)
Profit/(loss) before taxation	**33,033**	**(190,034)**	**22,292**	**(163)**
Income tax (expense)/credit	(49,291)	39,386	(41,147)	4,237
(Loss)/profit for the period	**(16,258)**	**(150,648)**	**(18,855)**	**4,074**

Notes to the interim condensed consolidated financial statements-Continued

Gas

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Revenue from contract with customer				
Gas sales	90,885	82,176	26,906	28,712
Operating profit before depreciation, amortisation and impairment	71,745	66,478	19,171	19,457
Depreciation and amortization	(8,014)	(7,585)	(6,685)	(2,749)
Operating profit	**63,731**	**58,893**	**12,486**	**16,708**
Share of profit/(loss) from joint venture accounted for using equity accounting	595	1,069	489	(1,290)
Profit before taxation	**64,326**	**59,962**	**12,975**	**15,418**
Income tax (expense)/credit	(13,038)	(5,634)	4,733	(5,634)
Profit for the period	**51,288**	**54,328**	**17,708**	**9,784**

6.1.1 Disaggregation of revenue from contracts with customers

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

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	9 months ended 30 Sept 2020	9 months ended 30 Sept 2020
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets						
Bahamas	67,620	-	67,620	-	-	-
Nigeria	-	90,885	90,885	108,084	82,176	190,260
Switzerland	276,355	-	276,355	197,515	-	197,515
United Kingdom	25,497	-	25,497	-	-	-
Revenue from contract with customers	**369,472**	**90,885**	**460,357**	**305,599**	**82,176**	**387,775**
Timing of revenue recognition						
At a point in time	369,472	-	369,472	305,599	-	305,599
Over time	-	90,885	90,885	-	82,176	82,176
Revenue from contract with customers	**369,472**	**90,885**	**460,357**	**305,599**	**82,176**	**387,775**

	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020	3 Months ended 30 Sept 2020	3 Months ended 30 Sept 2020
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets						
Nigeria	-	26,906	26,906	44,898	28,712	73,610
Bahamas	49,414	-	49,414	-	-	-
United Kingdom	5,681	-	5,681	-	-	-
Switzerland	69,585	-	69,585	80,616	-	80,616
Revenue from contract with customers	**124,680**	**26,906**	**151,586**	**125,514**	**28,712**	**154,226**
Timing of revenue recognition						
At a point in time	124,680	-	124,680	125,514	-	125,514

Notes to the interim condensed consolidated financial statements-Continued

Over time	-	26,906	26,906	-	28,712	28,712
Revenue from contract with customers	**124,680**	**26,906**	**151,586**	**125,514**	**28,712**	**154,226**

The Group's transactions with its major customer, Mercuria, constitutes 75% ($276.5 million) of the total revenue from the oil segment. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura ($91 million) accounted for the total revenue from the gas segment.

6.1.2 Impairment loss on financial assets by reportable segments

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	9 months ended 30 Sept 2020	9 months ended 30 Sept 2020
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(775)	(6,099)	(6,874)	(21,437)	-	(21,437)

	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2020	3 Months ended 30 Sept 2020	3 Months ended 30 Sept 2020
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(90)	(6,047)	(6,137)	(6,566)	-	(6,566)

6.1.3 Impairment loss on non-financial assets by reportable segments

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	9 months ended 30 Sept 2020	9 months ended 30 Sept 2020
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	-	-	-	(158,228)	-	(158,228)

6.2 Segment assets

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

	Oil	Gas	Total
Total segment assets	$'000	$'000	$'000
30 September 2021	2,983,352	479,642	3,462,994
31 December 2020	2,898,588	550,985	3,449,573

6.3 Segment liabilities

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

	Oil	Gas	Total
Total segment liabilities	$'000	$'000	$'000
30 Sept 2021	1,546,689	273,593	1,820,282
31 December 2020	1,721,305	64,223	1,785,528

7 Revenue from contracts with customers

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 months ended 30 Sept 2021	3 months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Crude oil sales	369,472	305,599	124,680	125,514
Gas sales	90,885	82,176	26,906	28,712
	460,357	**387,775**	**151,586**	**154,226**

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

8 Cost of sales

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 months ended 30 Sept 2021	3 months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Royalties	92,081	76,168	28,660	25,091
Depletion, depreciation and amortisation	91,483	96,502	26,943	27,827
Crude handling fees	38,988	40,479	9,222	14,638
Nigeria Export Supervision Scheme (NESS) fee	447	156	135	27
Niger Delta Development Commission Levy	4,243	3,236	1,289	(1,827)
Barging and Trucking	7,531	13,285	2,784	2,597
Operational & maintenance expenses	79,089	67,356	24,964	32,937
	313,862	**297,182**	**93,997**	**101,290**

Operational & maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, gas flare penalty fees, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Included in operational and maintenance is gas flare penalty of $11.5 million (2020: $4.1 million).

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

9 Other income/(loss)

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 months ended 30 Sept 2021	3 months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Underlift/(overlift)	74,660	39,147	14,797	(10,210)
Gains/(loss) on foreign exchange	181	1,517	1,185	(442)
Tariffs	1,523	1,484	130	1,486
Others	5,656	91	128	30
	82,020	**42,239**	**16,240**	**(9,136)**

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. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

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 as other expenses. 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.

Gains/(loss) on foreign exchange are principally as a result of translation of naira denominated monetary assets and liabilities. Others relates to income derived from sales of sundry assets.

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

Others relates to the reversal of decommissioning obligation no longer required for Eland operation.

Notes to the interim condensed consolidated financial statements-Continued

10 General and administrative expenses

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Depreciation and amortisation	3,851	4,080	1,203	1,255
Depreciation of right-of-use assets	2,167	2,546	362	849
Professional and consulting fees	8,166	3,916	2,268	(1,683)
Auditor's remuneration	42	91	(80)	11
Directors' emoluments (executive)	670	2,304	50	1,351
Directors' emoluments (non-executive)	3,406	2,294	893	542
Employee benefits	26,389	28,268	8,682	10,289
Share-based benefits	5,524	7,085	3,250	2,362
Flights and other travel costs	2,560	2,465	1,307	1,080
Other general expenses	1,104	(630)	(511)	(11,282)
	53,879	**52,419**	**17,424**	**4,774**

Directors' emoluments have been split between executive and non-executive directors. Included in the non-executive directors' emoluments are amounts paid to four new non-executive directors. Other general expenses relate to costs such as office maintenance costs, rentals, telecommunication costs, logistics costs and others. Professional and consulting increase is as a result of strategy related consultancy services and legal fees.

11 Impairment loss

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Impairment losses of financial asset-net (Note 11.1)	6,874	21,437	6,137	6,566
Impairment loss on non-financial asset (Note 11.2)	-	158,228	-	12,200
	6,874	**179,665**	**6,137**	**18,766**

11.1 Impairment losses on financial assets-net

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Impairment loss on trade receivables	6,326	-	5,616	-
Impairment loss on other financial assets	548	21,454	521	6,566
	6,874	**21,454**	**6,137**	**6,566**
Reversal of impairment losses:				
Reversal of Impairment loss on trade receivables	-	(16)	-	-
Reversal of Impairment loss on other financial assets	-	(1)	-	-
		(17)		-
	6,874	**21,437**	**6,137**	**6,566**

11.2 Impairment loss on non-financial assets

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Impairment loss on non-financial assets	-	158,228	-	12,200

During the period, there was no impairment loss recognized (2020: $158 million) on its non-financial assets.

Notes to the interim condensed consolidated financial statements-Continued

12 Fair value (loss)/gain

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Realised fair value (loss)/gain on derivatives	(6,507)	19,911	(1,947)	13,288
Unrealised fair value (loss)/gain on derivatives	(3,457)	-	28	-
	(9,964)	**19,911**	**(1,919)**	**13,288**

Fair value gain/(loss) on derivatives represents changes arising from the valuation of the crude oil economic hedge contracts charged to profit or loss.

13 Finance income/(costs)

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Finance income				
Interest income	22	2,034	11	282
Finance cost				
Interest on bank loans	(59,739)	(51,393)	(12,767)	(16,522)
Interest on lease liabilities	(532)	(263)	(519)	(38)
Unwinding of discount on provision for decommissioning	(785)	(2,178)	(296)	(725)
	(61,056)	**(53,834)**	**(13,582)**	**(17,285)**
Finance (cost) - net	**(61,034)**	**(51,800)**	**(13,571)**	**(17,003)**

Finance income represents interest on short-term fixed deposits. Interest expense on bank loans is determined using effective interest rate.

14 Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2021 is 85% for crude oil activities and 30% for gas activities. As at 31 December 2020, the applicable tax rate was 85%, 65.75% and 30% respectively.

The effective tax rate for the period was 64% (2020: 26%)

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

	9 months ended 30 Sept 2021 $'000	9 months ended 30 Sept 2020 $'000	3 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2020 $'000
Current tax:				
Current tax expense on profit for the period	18,854	9,289	6,807	5,964
Education tax	3,576	1,483	1,045	945
Total current tax	**22,430**	**10,772**	**7,852**	**6,909**
Deferred tax:				
Deferred tax expense/(income) in profit or loss	39,899	(44,524)	28,562	(5,512)
Total tax expense/(income) in statement of profit or loss	**62,329**	**(33,752)**	**36,414**	**1,397**

Notes to the interim condensed consolidated financial statements-Continued

14.1 Deferred tax

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

	As at 30 Sept 2021 $'000	As at 31 Dec 2020 $'000
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	17,651	33,151
Deferred tax asset to be recovered after more than 12 months	729,682	729,682
	747,333	**762,833**

	As at 30 Sept 2021 $'000	As at 31 Dec 2020 $'000
Deferred tax liabilities		
Deferred tax liabilities to be settled within 12 months	(31,855)	(7,456)
Deferred tax liabilities to be settled after more than 12 months	(524,176)	(524,176)
	(556,031)	**(531,632)**
Net deferred tax asset	**191,302**	**231,201**

15 Oil & Gas properties

During the nine months ended 30 September 2021, the Group acquired assets amounting to $83.4 million.

16 Intangible Asset

Cost	License $'000	Total $'000
At 1 January 2021	146,713	146,713
Additions	1,884	1,884
At 30 September 2021	**148,597**	**148,597**
Amortisation		
At 1 January 2021	88,026	88,026
Charge for the period	6,540	6,540
At 30 September 2021	**94,566**	**94,566**
Net Book Value (NBV)		
At 30 Sept 2021	**54,031**	**54,031**
At 31 December 2020	**58,687**	**58,687**

17 Investment accounted for using equity method

	30 Sept 2021 $'000	31 Dec 2020 $'000
Investment in joint venture	223,326	222,730
Investment in associate	11	11
	223,337	**222,741**

Notes to the interim condensed consolidated financial statements-Continued

18 Trade and other receivables

	30 Sept 2021 $'000	31 Dec 2020 $'000
Trade receivables	78,370	54,375
Nigerian Petroleum Development Company (NPDC) receivables	69,693	107,053
National Petroleum Investment Management Services (NAPIMS) receivables	29,480	29,876
Underlift	75,485	20,600
Advances to suppliers	7,556	27,053
Receivables from ANOH	14,956	12,963
Other receivables	746	2,751
Total	**276,286**	**254,671**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power $24.6 million (Dec 2020: $22.9 million), Sapele Power $7.2 million (Dec 2020: $7 million) and Nigerian Gas Marketing Company $12.6 million (Dec 2020: $3.4 million) totaling $44.4 million (Dec 2020: $33.3 million) with respect to the sale of gas. Also included in trade receivables is an amount of $33.6 million (Dec 2020: $19 million) due Shell Western respectively for sale of crude.

18.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is $69.7 million (Dec 2020: $107 million).

18.3 Other receivables

Other receivables are amounts outside the usual operating activities of the Group.

18.4 Reconciliation of trade receivables

	30 Sept 2021 $'000	31 Dec 2020 $'000
Gross carrying amount	87,223	58,882
Less: Impairment allowance	(8,853)	(1,507)
Balance as at 30 Sept 2021	**78,370**	**54,375**

18.5 Reconciliation of NPDC receivables

	30 Sept 2021 $'000	31 Dec 2020 $'000
Gross carrying amount	77,564	107,529
Less: Impairment allowance	(7,871)	(476)
Balance as at 30 Sept 2021	**69,693**	**107,053**

18.6 Reconciliation of NAPIMS receivables

	30 Sept 2021 $'000	31 Dec 2020 $'000
Gross carrying amount	30,875	31,144
Less: Impairment allowance	(1,395)	(1,268)
Balance as at 30 Sept 2021	**29,480**	**29,876**

Notes to the interim condensed consolidated financial statements-Continued

18.7 Reconciliation of other receivables

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Gross carrying amount	46,065	29,280
Less: Impairment allowance	(45,319)	(26,529)
Balance as at 30 Sept 2021	**746**	**2,751**

19 Contract assets

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Revenue on gas sales	8,099	6,167
Impairment loss on contract assets	(27)	-
	8,072	**6,167**

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 NGMC, Geregu Power, and Sapele Power for the delivery of gas supplies which NGMC, Geregu Power and Sapele Power has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallizes. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from NGMC, Geregu Power and Sapele Power authorising the quantities, this will be reclassified from contract assets to trade receivables.

19.1 Reconciliation of contract assets

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

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Balance as at 1 January	6,167	21,259
Addition during the period	28,485	91,115
Receipts for the period	(26,493)	(106,161)
Price adjustments	(60)	(46)
Impairment	(27)	-
Closing balance	**8,072**	**6,167**

20 Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. The fair value of the derivative financial instrument as at 30 September 2021 is as a result of a fair value gain on crude oil hedges. 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 2021	31 Dec 2020
	$'000	$'000
Foreign currency options-crude oil hedges	5,105	1,648
	5,105	**1,648**

Notes to the interim condensed consolidated financial statements-Continued

21 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and on hand, short-term deposits with a maturity of three months or less and restricted cash balances.

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Cash on hand	8,153	6,896
Short-term fixed deposits	663	422
Cash at bank	211,584	218,065
Gross cash and cash equivalent	220,400	225,383
Loss allowance	(246)	(246)
Net cash and cash equivalents per cash flow statement	220,154	225,137
Restricted cash	53,776	33,581
Cash and cash equivalents	**273,930**	**258,718**

Included in restricted cash, is a balance of $12.8 million set aside in the Stamping Reserve account for the revolving credit facility (RCF). The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC). These amounts are subject to legal restrictions and are therefore not available for general use by the Group. These amounts have therefore been excluded from cash and cash equivalents for the purposes of cash flow.

An additional $20.8 million of funds deposited in Access bank Plc bank accounts in the ordinary course of business are being unilaterally restricted by Access bank Plc in connection with the court case between Seplat Energy Plc and Access Bank Plc.

Also included in the restricted cash balance is a cash-backed guarantee of $20.2 million set aside with Zenith Bank Plc to fulfil the requirement of an order of the Court of Appeal, to seek the release of any order relating to the case between Seplat Energy Plc and Access Bank Plc.

22 Share Capital

22.1 Authorised and issued share capital

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335
Issued and fully paid		
588,359,878 (2020: 581,840,856) issued shares denominated in Naira of 50 kobo per share	1,862	1,855

The Group's issued and fully paid as at the reporting date consists of 588,359,878 ordinary shares of ₦0.50k each, all with voting rights. Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share Premium	Share based payment reserve	Total
	Shares	$'000	$'000	$'000	$'000
Opening balance as at 1 January 2021	581,840,856	1855	511,723	27,592	541,170
Share based payments	-	-	-	5,524	5,524
Vested shares	6,519,022	7	8,208	(12,215)	(4,000)
Closing balance as at 30 Sept 2021	**588,359,878**	**1,862**	**519,931**	**20,901**	**542,694**

Vested shares of $4 million represent shares purchased in the open market for employees of the Group.

Notes to the interim condensed consolidated financial statements-Continued

22.3 Employee share-based payment scheme

As at 30 September 2021, the Group had awarded 76,461,231 shares (Dec 2020: 60,487,999 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the reporting period, 6,519,022 shares had vested (Dec 2020: 6,519,258 shares).

23 Interest bearing loans and borrowings

23.1 Net debt reconciliation

Below is the net debt reconciliation on interest bearing loans and borrowings for 30 September 2021:

	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2021	93,468	604,947	698,415
Addition	671,000	-	671,000
Interest accrued	59,739	-	59,739
Interest capitalised	6,856	-	6,856
Principal repayment	(600,000)	-	(600,000)
Interest repayment	(61,810)	-	(61,810)
Other financing charges	(20,494)	-	(20,494)
Transfers	(88,342)	88,342	-
Carrying amount as at 30 Sept 2021	**60,417**	**693,289**	**753,706**

Below is the net debt reconciliation on interest bearing loans and borrowings As at December 2020:

	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2020	112,333	677,075	789,408
Interest accrued	48,634	-	48,634
Interest capitalized	15,140	-	15,140
Principal repayment	(100,000)	-	(100,000)
Interest repayment	(64,767)	-	(64,767)
Proceeds from loan financing	-	10,000	10,000
Transfers	82,128	(82,128)	-
Carrying amount as at 31 December 2020	93,468	604,947	698,415

$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

Notes to the interim condensed consolidated financial statements-Continued

for general corporate purposes, and to pay transaction fees and expenses. The amortised cost for the senior notes as at the reporting period is $635 million, although the principal is $650 million.

$110 million Reserved based lending (RBL) facility – March 2021

The Group through its subsidiary Westport on 5th December 2019 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% +Libor as at half year (8.30%) and a settlement date of 29 November 2023.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The current borrowing base is more than $100 million, with the available commitments at $100 million. The commitments are scheduled to reduce to $87.5 million on 31 March 2021. The first reduction in the commitments occurred on 31st December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from $125.0 million to $122.5million, with a further reduction to $100.0 million as at December 2020.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is LIBOR plus 8%, as long as more than 50% of the available facility is drawn.

On 4th February 2020 Westport drew down a further $10 million increasing the debt utilised under the RBL from $90 million to $100 million.

The interest rate of the facility is variable. The interest accrued at the reporting period is $4.6 million using an effective interest rate of 8.3%. The interest paid was determined using 6-month LIBOR rate + 8 % on the last business day of the reporting period.

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. As part of the new agreement, the debt utilised and interest rate remain unchanged at $100 million and 8% + LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further $10 million increasing the debt utilized under the RBL from $100 million to $110 million. The amortized cost for this as at the reporting period is $108.9 million (Dec 2020: $98.6 million), although the principal is $110 million.

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

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

24 Trade and other payables

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Trade payable	145,749	135,134
Accruals and other payables	112,252	149,521
NDDC levy	9,640	12,578
Royalties payable	19,904	27,632
Overlift	-	18,475
	287,545	**343,340**

Included in accruals and other payables are field-related accruals $60.2 million (Dec 2020: $109 million) and other vendor payables of $13.4 million (Dec 2020: $49 million). Royalties' payables include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

25 Contract liabilities

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Contract liabilities	**9,470**	**9,470**

Notes to the interim condensed consolidated financial statements-Continued

25.1 Reconciliation of contract liabilities

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

	30 Sept 2021	31 Dec 2020
	$'000	$'000
Balance as at 1 January	9,470	16,301
Recognised as revenue during the period	-	(6,831)
Closing balance	**9,470**	**9,470**

Contract liabilities represents take or pay volumes contracted with Azura which is yet to be utilized.

26 Computation of cash generated from operations

	9 months ended	9 months ended
	30-Sept-21	30-Sept-20
	$'000	$'000
Profit/(loss) before tax	97,359	(130,072)
Adjusted for:		
Depletion, depreciation and amortization	95,334	100,582
Depreciation of right-of-use asset	2,167	2,546
Impairment losses on financial assets	6,874	21,437
Impairment losses on non-financial assets	-	158,228
Interest income	(22)	(2,034)
Interest expense on bank loans	59,739	51,393
Interest on lease liabilities	532	263
Unwinding of discount on provision for decommissioning	785	2,178
Unrealised fair value loss/(gain) on derivatives	3,457	(19,911)
Realised fair value loss on derivatives	6,507	-
Unrealised foreign exchange (gain)/loss	(181)	2,122
Share based payment expenses	5,524	7,085
Share of profit in joint venture accounted for using the equity method	(595)	(1,069)
Defined benefit expenses	2,661	-
Changes in working capital:		
Trade and other receivables	(35,616)	153,289
Prepayments	(4,627)	2,834
Contract assets	(1,932)	11,416
Trade and other payables	(55,795)	(160,565)
Contract liabilities	-	(899)
Restricted Cash	(20,195)	(6,071)
Inventories	1,784	5,024
Net cash inflow from operating activities	**163,760**	**197,776**

Notes to the interim condensed consolidated financial statements-Continued

27 Earnings/(Loss) per share (LPS/EPS)

Basic

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

Diluted

Diluted EPS is calculated by dividing the profit after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020	3 months ended 30 Sept 2021	3 Months ended 30 Sept 2020
	$'000	$'000	$'000	$'000
Profit/(loss) for the period	**66,355**	**(58,259)**	**19,387**	**13,858**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	582,927	580,061	582,927	580,061
Outstanding share-based payments (shares)*	5,518	8,384	5,518	8,384
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 earnings/(loss) per shares	0.11	(0.10)	0.03	0.02
Diluted earnings/(loss) per shares	0.11	(0.10)	0.03	0.02
Profit/(loss) used in determining basic/diluted earnings per share	**66,355**	**(58,259)**	**19,387**	**13,858**

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.

*Outstanding share-based payments in September 2020 have been updated to reflect the approved authorised share capital.

28 Dividend

A final dividend of $0.05 (2020: $0.05) per fully paid shares was declared and approved in the period. In line with the Finance Act 2020 which became effective on 1 January 2021, withholding tax amounting to $4.04 million has been deducted from the aggregate amount of the dividend declared and approved amounting to $58.4 million. Cash dividend amounting to $54.36 million was paid during the period.

In addition, the Board has recommended an interim dividend of 2.5 cents per share during the third quarter.

29 Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family and 8.32% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below. The outstanding balances payable to/receivable from related parties are unsecured and are payable/receivable in cash.

i. Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The Chairman of Seplat is a director and shareholder of SPDCL (BVI). The company provided consulting services to Seplat. Services provided to the Group during the period amounted to $916.4 thousand (2020: $450 thousand)

Notes to the interim condensed consolidated financial statements-Continued

ii. Entities controlled by key management personnel (Contracts>$1million in 2021)

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited): The Company is owned by common shareholders with the parent Company. The company provides drilling rigs and drilling services to Seplat. Transactions with this related party amounted to nil (2020: $6.8 million). Payables amounted to nil in the current period (Payables in 2020: $591 thousand).

iii. Entities controlled by key management personnel (Contracts<$1million in 2021)

Abbeycourt Trading Company Limited: The Chairman of Seplat is a director and shareholder. The Company provides diesel supplies to Seplat in respect of Seplat's rig operations. This amounted to $294 thousand during the period (2020: $231 thousand).

Stage leasing (Ndosumili Ventures Limited): A subsidiary of Platform Petroleum Limited. The company provides transportation services to Seplat. This amounted to $275 thousand (2020: $334 thousand). Payables amounted to nil in the current period (2020: $23.6 thousand).

30 Commitments and contingencies

30.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities is $0.45 million (Dec 2020: $0.61 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

31 Events after the reporting period

Acquisition of Cardinal Drilling Services Limited rigs and conclusion of legal proceedings with Access Bank Plc:

The Group has agreed to acquire four drilling rigs belonging to Cardinal Drilling Services Limited as part of the settlement of the court case initiated by Access Bank Plc. The negotiated consideration of $36 million would be funded out of the already restricted funds held at Access Bank Plc and the Federal High Court of Nigeria, as disclosed in previous quarterly results. The acquisition of these rigs, when deployed, should help to optimise drilling costs for the Group. Consequently, the parties have agreed to end all legal actions regarding the outstanding loan owed by Cardinal Drilling Services Limited to Access Bank Plc, which could have persisted as an ongoing distraction for the Group, with the potential to disrupt its financial and commercial operations. The Group is committed to the highest standard of corporate governance.